

The Global Newspaper
Edited and
Published in Paris
Printed simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague, Marseille, Miami.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Algeria... 6.00 D.R. Iran... 115 Rials Oman... 0.700 Rial
Australia... 22 S. 1984... 1.200 Rial Oman... 1.200 Rial
Belgium... 0.700 D.R. Italy... 1.200 Rial Oman... 1.200 Rial
Bolivia... 10.00 D.R. Japan... 1.200 Rial Oman... 1.200 Rial
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No. 32,332 6/87

LONDON, THURSDAY, FEBRUARY 5, 1987

ESTABLISHED 1887

Infighting Escalates In Tehran

U.S. Arms Deal Adds to Friction Over Succession

By Loren Jenkins

TEHRAN — A ruthless power struggle within the ruling Iranian hierarchy appears to be escalating in preparation for what diplomats and other analysts here believe will be a troubled political succession once Ayatollah Ruhollah Khomeini passes from the scene.

The power struggle, these sources said, has been under way for at least nine months as signs have mounted that the ayatollah, 86, who guided the revolution eight years ago, is suffering from his advanced age, a weak heart and cancer of the prostate.

Ayatollah Khomeini retains ultimate political authority as the sole figure who can arbitrate disputes among the disparate factions in Iran. But Iranian and foreign observers interviewed during a week-long visit here said they believe that once he dies, there will be an open and possibly violent battle for power among his chief lieutenants.

The revelations last November that Iran had been dealing with and receiving arms from the United States have exacerbated the conflict among the ruling Islamic clergy. That struggle may have led to the decision Saturday of a Wall Street Journal correspondent, Gerald F. Seib, according to diplomatic observers in Tehran.

The main competing factions are headed by Ayatollah Hussein Ali Montazeri, 63, who was designated Ayatollah Khomeini's successor two years ago, and the politically agile and increasingly powerful speaker of the Majlis, or parliament, Hashemi Rafsanjani, 52.

The more conservative Montazeri faction has strongly opposed Mr. Rafsanjani's efforts to bolster relations with the outside world in order to improve Iran's ability to purchase arms and exert pressure on Iraq, its enemy in the Gulf war.

Some here say it was Mr. Rafsanjani who sought a diplomatic opening to Saudi Arabia, which has funded much of the Iraqi war effort, and who encouraged the arms deal with the United States.

Diplomatic observers said that Mr. Seib, an American journalist based in Cairo, may have been arrested by anti-American, pro-Montazeri elements in the Iranian government in an attempt to embarrass Mr. Rafsanjani.

Mr. Rafsanjani was responsible for the invitations extended to more than 50 foreign journalists to visit Iran late last month to cover the latest Iranian offensive against the Iraqi port city of Basra, Iraq.

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LATE NEWS

Reagan Veto Is Overridden

WASHINGTON (UPI) — The Senate voted, 86-14, Wednesday to override President Ronald Reagan's veto of a \$20 billion measure to fund clean water programs. With the Senate's action, the bill became law.

The House of Representatives voted Tuesday to override the veto, the first by Mr. Reagan of a bill passed by the new Democratic-controlled Congress.

Egypt Referendum

CAIRO — President Hosni Mubarak issued a decree Wednesday calling for a national referendum Feb. 12 on whether or not to dissolve the legislature.

Amendments to the election code approved on Dec. 31 had triggered questions as to the legitimacy of the current parliament.

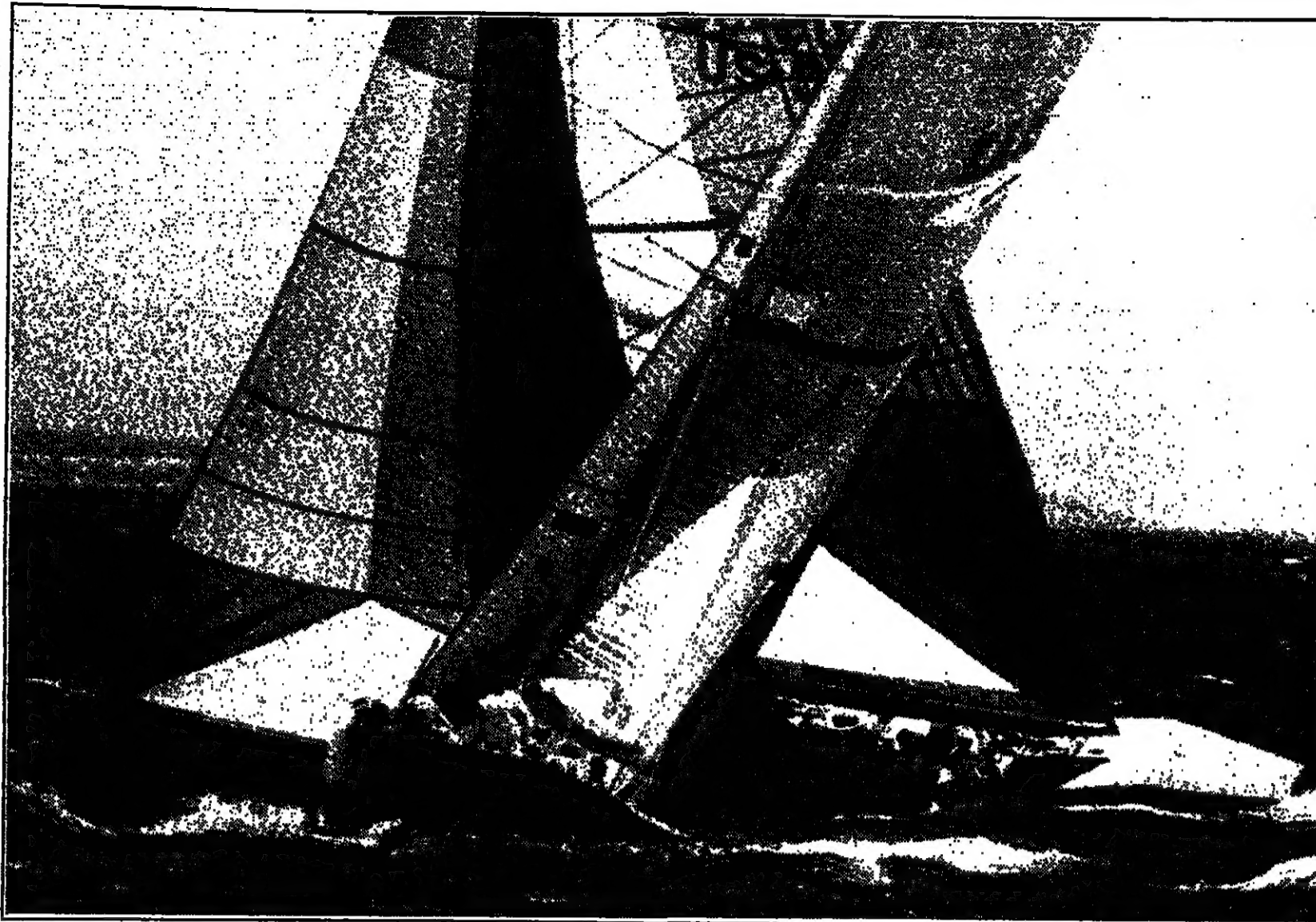
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Stars & Stripes, tacking in front of Kookaburra III early in Wednesday's race, completed a 4-0 sweep that regained the America's Cup for the United States.

Stars & Stripes Sweeps to America's Cup Triumph

By Angus Phillips

FREMANTLE, Australia — Dennis Conner won back the America's Cup here Wednesday, exactly three years, four months and nine days after he made yachting history by becoming the first American in 132 years to lose it.

Conner, 44, a San Diego drapery manufacturer whom sailors call "The Master," said his blue Stars & Stripes over the starting line five seconds ahead of Australian defender Kookaburra III, took an early lead and never relinquished it in winds of 15 to 20 knots.

The victory completed a 4-0 sweep of the Australian boat in the best-of-seven final series.

It marked the culmination of three years' work and the clearing of one final hurdle for Conner.

After he lost the cup in 1983 to the winged-keel Australia II, Conner sought the support of the New York Yacht Club

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to win it back. But the NYCC, keeper of the trophy for 132 years, backed John Koliis and the America II campaign instead. Conner aligned himself with his hometown San Diego Yacht Club and patched together an organization on his own.

The campaign was stripped for money from the start, but

Conner persisted. He believed the lesson of 1983 was that a boat's speed overrode all other attributes.

Conner's biggest obstacle was New Zealand, which defeated him twice in three races in the early challenger round robins.

The Kiwis had compiled a record of 37-1 and looked fearsome when the two yachts met in the finals to determine which would oppose the Australian defender.

But daring, last-minute changes to the keel, rudder and underbody of Stars & Stripes after the December trials proved effective and decisive.

Stars & Stripes improved by a dramatic seven seconds per mile upwind, and Conner dispatched New Zealand, 4-1.

Iran to Expel Reporter Arrested for Espionage

Compiled by Our Staff From Dispatches

TEHRAN — Iran said Wednesday that it was expelling Gerald F. Seib, a U.S. journalist who was arrested last week and held on espionage charges.

The Islamic Republic News Agency quoted an Information Ministry official as saying that Mr. Seib, the Cairo-based correspondent for The Wall Street Journal, was being expelled after completion of a judicial investigation.

The expulsion order was issued Wednesday and Mr. Seib will leave Iran on Thursday, the agency said. It did not specify the destination of the expulsion.

The Information Ministry official was quoted as saying Mr. Seib had been permanently banned from returning to Iran.

Mr. Seib was among more than 50 Western journalists who had been invited to Iran to visit Gulf war fronts.

Prime Minister Mir Hussein Mousavi said earlier Wednesday that the reporter had "collected abnormal information on the fronts." He did not elaborate.

Tehran radio earlier had accused Mr. Seib of being a Zionist spy who had come to Tehran on a false passport disguised as a reporter.

The United States, which broke relations with Iran in 1980, denied the Iranian allegations and officially asked for Mr. Seib's release.

The South-North News Service, a U.S.-based organization specializing in coverage of developing countries, reported Wednesday in a dispatch from its Tehran correspondent that Mr. Seib had been released from Iranian custody to officials of the Swiss Embassy. The embassy looks after U.S. interests in Iran.

The agency's report, quoting a source at the Information Ministry, said that Mr. Seib's release involved no deal with the United States.

The source added, however, that the "reasonable approach" by the United States and the "unique efforts" of the Swiss ambassador to Iran, Heinrich Reimann, played a major role in Mr. Seib's release.

The precise reason for the decision to free Mr. Seib was not clear, but the Iranian official emphasized that the action was unconditional.

He told the South-North News Service that Mr. Seib's detention was the result of what he described as mistakes and misunderstandings.

See CAPTIVE, Page 4

Pros and Cons of Retaliatory Strikes

U.S. Refines Plans for Air Attacks on Terrorist Camps

By Bernard E. Trainor

New York Times Service

WASHINGTON — Contingency plans for retaliatory air strikes against terrorist camps in the Middle East are being refined as a result of the recent seizure of hostages in Beirut, according to Pentagon sources.

The United States has not said it will take military action, and there are no concrete indications that it will do so. But plans for air strikes against camps believed to be used by terrorists in Lebanon, Syria, Libya and Iran exist and are being revised, the sources said.

The aircraft carriers Nimitz and John F. Kennedy, in the Mediterranean Sea, and the Kitty Hawk, en route to the Indian Ocean from the Philippines, are available for such attacks if ordered.

There is no indication that the United States can link the Jan. 24 kidnapping of four teachers at Beirut University College to any country, although Secretary of State George F. Shultz said the group that took responsibility for the action had "very close ties" with Iran.

Even if responsibility can be established, the value of retaliation is

questioned by experts on terrorism. Reagan administration officials say they take seriously terrorist threats to kill the hostages if military action is taken. Other factors that must be weighed are the political consequences of civilian casualties and the possibility that Americans may be taken prisoner.

Difficulty in identifying terrorists and finding out where they are

NEWS ANALYSIS

holding their captives has ruled out hostage-rescue attempts in the past. If the location of hostages were known, a specially trained military unit, known as the Delta Force, could be flown quickly to the Mediterranean.

Closer to the scene are two Marine amphibious units aboard ship. One is in the eastern Mediterranean. The other has just passed through the Strait of Gibraltar into the western Mediterranean, according to a Pentagon spokesman.

In the past, the Pentagon has been cool to the idea of military retaliation unless the value clearly outweighs the risks involved. This



High school students in Sevilla, Spain, hiding behind a truck to avoid police water cannon during a demonstration Wednesday as protests spread around the country against university admission policies and costs. Page 4.

Pakistan, India Sign Border Pact

Reuters

NEW DELHI — India and Pakistan reached agreement Wednesday to defuse a dangerous confrontation during which their troops have faced off across their mutual border.

The agreement was signed after five days of talks here and provided for withdrawal to peacekeeping positions of troops in some border sectors, Indian Foreign Ministry officials said. It was signed by the Pakistani foreign secretary, Abdul Sattar, and his Indian counterpart, Alfred Gonsalves, who met briefly with Prime Minister Rajiv Gandhi.

Both officials said the agreement was the first step in defusing tension along the 1,800-mile (3,000-kilometer) border that stretches from the deserts of Sind to the snowy mountains of Kashmir.

Late last month India put its northern forces on alert and charged that Pakistan was massing troops on the border. Pakistan said it was merely holding winter maneuvers but later accused India of moving forces to the frontier.

Stockholm Burned in Options Market

Facing Huge Loss From City Employee's Speculation

By Juris Kaza

Special to the Herald Tribune

STOCKHOLM — A civic employee trying to do "something good" for Stockholm lost the city nearly 300 million kronor (about \$50 million) in six weeks of unauthorized trading in the options and futures markets, officials disclosed Wednesday.

The loss, although small compared with Stockholm's total budget of 18 billion kronor, compares with annual expenditures of about 125 million kronor on rent support for pensioners and total welfare payments of 670 million kronor.

"As we understand it, his ambition was to do a good deal for Stockholm," Jan Thuvved, executive director of the city's finance department, said Wednesday. "There was no attempt at personal gain involved."

City officials said they hope to recover 110 million kronor of the total, depending on how markets move in coming weeks. The remaining 190 million kronor would be refinanced through new loans, they said.

According to officials, the employee, a 28-year-old assistant treas-

urer in the city's finance office, defied departmental investment guidelines by buying and selling futures and options in Sweden's newly deregulated money markets.

Mr. Thuvved said that in December, when Swedish interest rates started climbing, the employee was given explicit instructions to avoid risk and hedge all interest-rate exposure. But the employee, who has not been identified, apparently decided to ignore the guidelines in an effort to try to turn a profit for the city from the market's turmoil, the finance director said.

When his initial investments soured because of interest rate developments, the employee then committed more city funds in an escalating attempt to cover his early losses, Mr. Thuvved said.

Futures and options, which allow for the purchase or sale of financial instruments at a specified future date and specified price, are often used as insurance against changes in interest rates or currency movements. But because they are highly leveraged investments, allowing investors to control assets several hundred times the amount of their initial investment, they can result in severe losses.

Mr. Thuvved said the city will not file criminal charges against the employee, although he has been suspended. The case has been referred to Prosecutors Office.

According to reports, the employee's activities came to light only after a dealer for a major Swedish bank called the finance department to enquire about security for the large number of transactions he had been asked to complete. A hastily called audit later uncovered the full scope of the fraud, officials said.

"The employee in question has been with us for eight or nine years and has steadily advanced in responsibility," Mr. Thuvved said. "This was a major surprise."

Most embarrassing, he said, "is that on July 1, we are to take over managing the funds of Stockholm's municipally-owned corporations and were undergoing a major review of our accounting and control procedures ahead of that when this happened."

City officials said they did not expect the affair to affect Stockholm—a highly-rated borrower on international capital markets—in its overseas funding activities.

Saudi Support For Contras Tied to AWACS

By Jeff Gerth

New York Times Service

WASHINGTON — King Fahd and other Saudi Arabian officials agreed in 1981 to aid anti-Communist resistance groups around the world as part of an arrangement allowing them to buy sophisticated American AWACS radar planes, according to U.S. officials and others familiar with the deal.

As an example of this arrangement, Fahd and other officials tried in 1984 and 1985 to funnel \$15 million to the Nicaraguan rebels, according to an American businessman who said he turned down requests from Fahd and other Saudi officials to be a conduit for the money.

The businessman said the funds were to have been sent through Richard V. Secord, a retired Air Force major general, and Albert Hakim, General Secord's partner.

As has been reported, congressional investigators have concluded that General Secord and Mr. Hakim were deeply involved in the covert program to supply the Contras during the period that Congress placed strict controls on American assistance. General Secord also handled the sale of AWACS radar planes to the Saudis in 1981, before he retired.

Congressional investigators say they have also obtained evidence that the Saudis provided funds to U.S.-backed resistance groups during this period, although they have not been able to trace what happened to some of the funds.

The disclosure of the 1981 arrangement—which was confirmed by present and former U.S. officials who were familiar with the AWACS sale—shows for the first time one of the origins of Saudi support for anti-Communist groups and Fahd's personal involvement in the deal.

The distinction between official and private business of Fahd becomes blurred in Saudi Arabia; the royal family's extensive private commercial activities are frequently used for sensitive diplomatic missions, according to Saudi experts.

The disclosure also demonstrates that the Reagan administration

See SAUDI, Page 4

Shultz Sees No Early SDI Deployment

By Don Oberdorfer
and R. Jeffrey Smith

Washington Post Service

WASHINGTON — Secretary of State George P. Shultz said after a White House meeting on the Strategic Defense Initiative that conditions were not right for a decision on deployment. And he expressed doubt that a decision could be made before the end of the year.

But Mr. Shultz suggested that President Ronald Reagan might decide soon to adopt a "broad interpretation" of what is permitted under the Anti-Ballistic Missile Treaty of 1972, to clear the way for more advanced testing and development of SDI.

Mr. Reagan and a small group of his senior advisers, including Mr. Shultz and Defense Secretary Caspar W. Weinberger, met Tuesday for about an hour to discuss the SDI program amid a push by the Pentagon and some congressional conservatives for early decisions on development and deployment of the space-based missile defense plan, also known as "star wars."

A White House spokesman said that Mr. Reagan made no decisions at the meeting.

Mr. Shultz was peppered with questions on space defenses and the ABM treaty when he appeared at an open session of the Senate Armed Services Committee after the White House meeting. His comments were taken by the legislators as important clues to where the issues stand.

"The question of deployment has to be governed by the content of the program and the consistency with the criteria that have been set up by the president," Mr. Shultz said.

He said that Mr. Reagan was sticking by the criteria first announced in 1983 by Paul H. Nitze, a senior arms control adviser: that any SDI system must be able to survive a nuclear attack and must be "cost-effective at the margin," meaning cheap enough to build that "the other side has no incentive to add additional offensive capability to overcome the defense."

Mr. Weinberger has seemed at times to challenge these criteria. He told reporters Jan. 6 that "when you're protecting a continent and when you're protecting hundreds of millions of people, I find it very difficult to measure the cost-effectiveness of that kind of system."

"If you can do it," he added, "it's cost-effective."

Mr. Shultz, who has met the last two weekends at the State Department with Lieutenant General James A. Abrahamson, director of the SDI program, testified Tuesday that "they've learned how to do

See SDI, Page 4

Waite Reported Seized In Dispute Over Arabs Imprisoned in Kuwait

BEIRUT — Terry Waite, a special envoy of the Church of England, was seized by kidnappers over what they regarded as unfulfilled assurances concerning 17 Arabs held in Kuwait, a Lebanese Muslim militia official said Wednesday.

The official said Mr. Waite was abducted by the same persons who kidnapped the foreigners he sought to free. They said Mr. Waite was abducted because of assurances that he was alleged to have given over the fate of the 17 Arabs, who were imprisoned in Kuwait for political violence. The release of the 17 has long been demanded as a condition for freeing foreign hostages in Lebanon.

The militia official said, "It seems that Waite, in previous meetings, had given the kidnappers assurances from the Kuwait government regarding the 17 prisoners." He did not elaborate on the alleged assurances.

"When the hostage-takers discovered the assurances were not accurate," the official said, "they set up the last meeting, using the hostages as bait and saying their morale was low and they needed to see Waite."

Mr. Waite vanished Jan. 20, eight days after arriving in Beirut on a mission to secure the freedom of two Americans, a Briton and an Irishman. He has not been seen since.

The militia official said last week that Mr. Waite had been kidnapped, after leaving his Druze Muslim bodyguards behind, at a secret night rendezvous near a Shiite Muslim doctor's clinic in West Beirut.

Two of the American hostages whose release Mr. Waite has been negotiating — Terry A. Anderson, a journalist, and Thomas M. Sutherland, a dean at the American University of Beirut — are among the hostages said to be held by the Islamic Jihad organization.

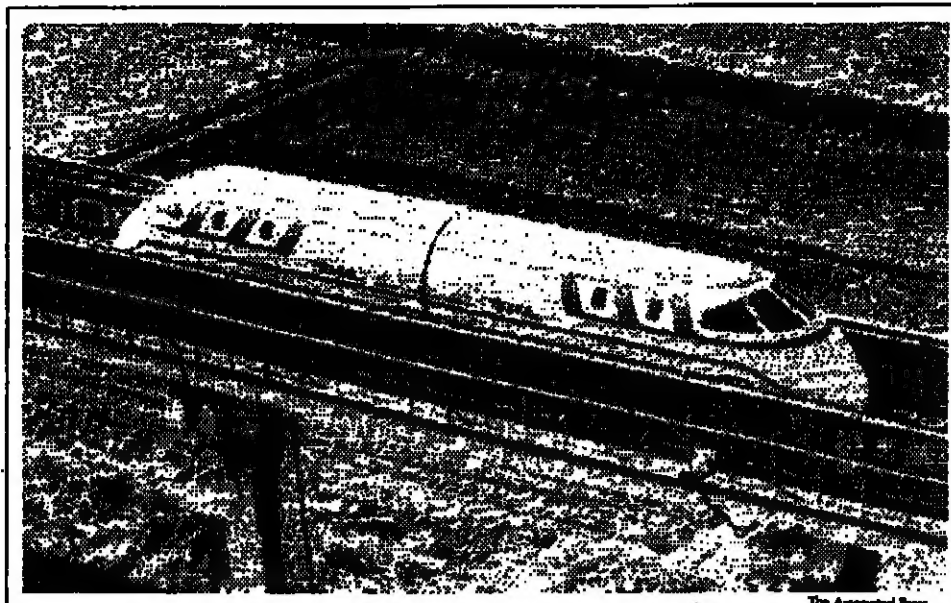
The group has consistently demanded the release of the 17 Arabs imprisoned in Kuwait, who are being held for bomb attacks there in 1983.

The Kuwaiti authorities have repeatedly rejected any connection between the imprisoned Arabs and the hostages in Lebanon, and they have ruled out any deal involving the convicted bombers.

On Saturday, Kuwait announced it had arrested 11 persons suspected of sabotage 12 days earlier and in June 1986.

The announcement of those arrests came two days after the end of an Islamic summit meeting hosted by Kuwait and preceded by threats of reprisals from pro-Iranian groups in Beirut if the meeting went ahead.

A statement issued in the name of Islamic Jihad on Jan. 16 and accompanied by a photograph of Mr. Anderson warned Kuwait of "punishment in various ways."



TRAIN SPEED RECORD — A Japanese experimental train, which floats above the track on a magnetic cushion, set a speed record Wednesday, attaining 249 mph (about 400 kph). The previous record of 221 mph was set by a West German train in 1985.

Botha Rejects Idea of a Black House

CAPE TOWN — President Pieter W. Botha has called the idea of a black chamber of Parliament "absurd."

Parliament is at present dominated by the white chamber with junior houses for the mixed-race, or colored population, and for Indians. Blacks, who make up 73 percent of the population, have no vote.

Referring to black tribal and language differences, Mr. Botha said Tuesday night: "If we want to create a chamber, then we have to accommodate six or seven nations in it and that is absurd."

Mr. Botha, who has called a whites-only election for May 6, made his brief statement to repudiate suggestions from extreme rightists that the ruling National Party was steering South Africa toward a proportional representation voting system.

Despite a rebellion by party moderates who want a swift end to apartheid, Mr. Botha indicated that the government was at present prepared to offer blacks no more than a place in consultative bodies.

At the same time, the deputy information minister, Stoffel van der Merwe, said on the radio

Wednesday that the state of emergency, imposed in June, would remain at least for the initial stages of the election campaign. "We want to lift it but it cannot be in a week or a month," he said.

Meanwhile, a South African film distributor, pressed by American companies to open its theaters to all races, said Wednesday it was closing four whites-only cinemas in Pretoria.

The Cinema International Corp. said the theaters would close after Thursday night's performance until Pretoria's city council voted to make them multiracial. The council has not yet discussed the issue.

The Ster-Kinekor circuit, South Africa's largest, said it would reopen two movie houses in Krugersdorp near Johannesburg Wednesday, after resistance to desegregation crumbled. Krugersdorp council voted 7-1 Tuesday to allow blacks into the cinemas, but only after four councillors walked out of the meeting.

Ster-Kinekor, also under pressure from U.S. distributors, had closed the whites-only cinemas at the weekend.

U.S. Wants Dialogue
Washington plans more talks with the African National Congress in the hope of promoting negotiations between South Africa's opposing groups, the U.S. chief spokesman on Africa, Chester A. Crocker, said, according to United Press International.

Speaking by telephone from Washington with reporters in Harare, Zimbabwe, on Tuesday, Mr. Crocker, the assistant secretary of state for African affairs, said there would be "continuing dialogue" between the United States and the outlawed ANC.

But he added that the United States maintained its objection "in the strongest terms" to terrorism.

Grass Roots Said to Force Shift at Top In Vietnam

By Barbara Crosseire
New York Times Service

BANGKOK — Pressure from grass-roots party organizations forced the sweeping changes in the Vietnamese Communist Party leadership in December, according to a Western diplomat based in Hanoi.

His impressions were supported by a group of American scholars who traveled extensively in Vietnam for two weeks in January.

The Americans, taking part in a tour sponsored by the private United States-Indochina Reconciliation Project, heard frequent demands for economic reform and experienced firsthand the bitterness apparently felt by people in the provinces over Soviet influence in Hanoi.

Village children, shouting "Russian! Russian!" in Vietnamese, stoned the Americans on several occasions, according to a member of the group, Mary Byrne McDonnell, Indochina program associate of the Social Science Research Council, an organization based in New York.

The attacks stopped, she said, when group members identified themselves as Americans.

Vietnam is facing severe economic crisis, according to reports by its own government-controlled press organizations.

The Hanoi-based diplomat, who asked not to be identified, said Monday that projections by international organizations indicate that on an average day, about 60 Vietnamese die of starvation in a nation where malnutrition is widespread.

Vietnam, which has been unable to produce or import birth-control supplies, faces the prospect that its population, now 60 million, will rise to 100 million by the end of the century, the diplomat said. Without improved agricultural technology, he said, Vietnam will not be able to feed itself.

He said that Soviet aid, now \$1 billion to \$2 billion a year and mostly in large energy projects, was not addressing Vietnam's most urgent daily needs.

At the same time, Vietnam is expected to provide tropical produce to cold-weather areas of the Soviet Union. A Vietnamese-language broadcast from Moscow on Jan. 15, monitored and translated by the British Broadcasting Corp., described the production of green vegetables for the Soviet Far East as "central" to Vietnam's agricultural reform program.

The diplomat and other foreigners living in Vietnam said a struggle within the leadership over how to respond to an outpouring of public criticism last fall was still going on two days before the Vietnamese Communist Party congress opened on Dec. 14.

On the third day of the congress, it was announced that three top Communist leaders were retiring from the party Politburo. These were Phan Van Dong, who is also the country's prime minister; Truong Chinh, the party general secretary and president of Vietnam; and Le Duc Tho, the powerful political figure who was Hanoi's negotiator in the Paris peace talks that led to the withdrawal of U.S. forces from Vietnam in 1973.

Nguyen Van Linh, a party official with long experience in southern Vietnam and a man thought to be a supporter of economic change and liberalization, was named to replace Mr. Chinh as party leader.

Several diplomats based in Hanoi said the United States, and the West in general, should be finding ways to assist Vietnam at a time when Western expertise could offer an alternative to complete reliance on the Soviet Union.

The United States, which does not have diplomatic relations with Hanoi, said it will not improve ties until the issue of 2,426 Americans still listed as missing in action in Indochina is resolved. In addition, Washington insists that Vietnam withdraw its 140,000 troops from Cambodia, a demand made also by other major world-be donor nations, including China.

WORLD BRIEFS

Commons Approves Channel Tunnel

LONDON (Reuters) — The House of Commons gave final approval Wednesday for construction of a tunnel under the English Channel to link Britain with France, but financial analysts said the organizers of project still faced the difficult task of convincing British investors to back it.

The lower house of Parliament adopted, on a 94-22 vote, a bill allowing construction of the 30-mile (48-kilometer) twin-bore rail tunnel. To become law, the bill must also be approved by the House of Lords, which has the power to delay but not to overturn the legislation.

Financial analysts said Wednesday that the £4.7 billion (\$7.1 billion) tunnel project was still viewed with deep skepticism by the British financial establishment. The British-French Eurotunnel consortium hopes to raise £750 million from private investors by next July, after which it will seek a quote on the London and Paris stock exchanges. Construction is scheduled to begin in the fall. The consortium's first share subscription was fully met in France last October, but fell short in Britain.

U.K. Warns of Hong Kong Job Losses
HONG KONG (UPI) — Officials have warned more than 4,500 people that their jobs will be threatened when Britain withdraws its military garrison before returning Hong Kong to China in 1997, the government radio reported Wednesday. It said the affected employees had been notified by letter.

The radio said a special working group had been set up to examine possible alternate employment for the people but that no assurances could be given and some jobs were bound to be lost. Britain has already begun discussions with China on a phased withdrawal of the garrison, which must be completed before Britain's 99-year lease on Hong Kong expires in 1997.

Once the forces are withdrawn, there will be no further need for some 3,000 civilians employed on British civil service terms as clerks and in technical jobs, or for 1,600 locally enlisted personnel who work as contract staff on Royal Navy patrol craft and as medical assistants, drivers and dock handlers in the army, the radio said.

Rights Plan Is Presented in Vienna
VIENNA (UPI) — Western members of the 35-nation Conference on Security and Cooperation in Europe have unveiled a major three-step plan to monitor human rights abuses.

The goal of the plan is to ensure compliance with the human rights provisions of the 1975 Helsinki Final Act after the end of the Vienna security conference this summer.

The first phase of the plan calls for the creation of new means for human rights abuses to be aired by governments and interested groups, and the second calls for a meeting of the Helsinki signatories to assess how the new system functions and determine if there has been progress on human rights. The final stage would be a conference to decide on measures to improve the performance of nations in the field of human rights and human contacts, such as family reunions.

Kenya Sentences Pair for Sedition
NAIROBI (AP) — Two businessmen, one of them a local official of Kenya's ruling party, have been sentenced to four-year jail terms for joining a clandestine anti-government movement.

The sentences, imposed Tuesday by a Nairobi magistrate, were part of a government drive that began nearly a year ago against the Mwakanya movement. Dozens of people have been convicted or detained for alleged links with the group.

Those sentenced Tuesday were Kimunya Kamana, organizing secretary for the Kenya African National Union in Nakuru district, and Mwangi Kaga, another Nakuru businessman. The men, who are both 59, admitted taking an oath to join Mwakanya.

Libel Award Against Izvestia Voided
LOS ANGELES (UPI) — In a case that found Washington and Moscow on the same side, a judge has thrown a \$456,000 libel judgment that an American businessman won from the Soviet government newspaper Izvestia. The judge also ordered the release of funds seized to pay the award, his clerk said.

Judge David V. Kenyon of U.S. District Court granted on Tuesday a request by Soviet authorities and the U.S. Justice Department to vacate the default judgment that he had awarded to a medical equipment exporter, Raphael Gregorian, of Palo Alto, California. Mr. Gregorian sued Izvestia in 1985 after he and his California International Trade Corp. were expelled from the Soviet Union following publication of an article that linked him to U.S. intelligence agents.

The judgment was issued in July 1986, after the Soviets had ignored Mr. Gregorian's lawsuit for 18 months. On Tuesday, Judge Kenyon also lifted a seizure order that had kept \$456,000 belonging to the Bank for Foreign Trade of the U.S.S.R. frozen in accounts in New York banks.

Swedish Cabinet Meets on Palme Case
STOCKHOLM — Swedish ministers were called to an emergency cabinet meeting on short notice Wednesday to consider a plan for reorganizing the investigation into the murder of Prime Minister Olof Palme nearly a year ago.

Officials said Prime Minister Ingvar Carlsson and Justice Minister Sten Wickbom would address a news conference immediately after the meeting, raising expectations that a major shake-up in the investigation team would be announced.

There has been growing speculation that the cabinet would put the director of public prosecutions, Magnus Sjöberg, in charge of the case, making way for the removal of Stockholm's controversial police chief, Hans Holmér.

For the Record
Zaire's Embassy in Paris has denied a report by The New York Times (HT, Feb. 2) that an abandoned Zairean air base had been used by the CIA to supply rebels in neighboring Angola. (AFP)

President Ibrahim Babangida of Nigeria arrived in Paris on Wednesday and was rushed to a hospital with an undisclosed illness, officials at Le Bourget airport said. (UPI)

Voters in Palm Beach, Florida, re-elected Yveline de Marcellus Marix, 61, as mayor on Tuesday. She traces her lineage to the emperor Charlemagne and King Louis IX of France. Her opponent was Paul Romanoff Ilyinsky, 59, a nephew of the last of the Russian czars, Nicholas II. (AP)

At least 17 Polish coal miners were killed and 20 seriously injured Wednesday in a methane gas explosion at a pit near Katowice in southern Poland, a Mining Ministry spokesman said. (Reuters)

The U.S. deputy secretary of state, John C. Whitehead, the highest State Department official to visit Bulgaria, began talks in Sofia on Wednesday that marked an improvement in relations between the two nations. (Reuters)

Iran Offensive Called Serious Blow to Iraq

By John Kifner
New York Times Service

KUWAIT — Iraq appears unlikely to be able to reverse the military, political and psychological damage Iran has wrought in its latest military offensive, despite Baghdad's superior air and firepower, according to assessments by military and political experts in the Middle East.

Indeed, Iran does not need to capture Basra, Iraq's second city, to make its southern front operation a success, these experts say, and it may, in fact, find it more advantageous not to do so.

The ground gained by the Iranian assault on Iraq's elaborate border defenses has brought Ayatollah Ruhollah Khomeini's forces within range to pound Basra with light artillery and rocket launchers, making life in the city difficult and rendering it a tremendous burden to President Saddam Hussein's government, these sources note.

For Iraq, the task will be to push the increasingly dug-in Iraqis out of range, which, one veteran of combat in similar terrain noted, could only be done by "sinking

them with bayonets and grenading them." The Iraqis have shown little taste for such close-in fighting in the course of the war, now in its seventh year.

This view contrasts with predictions from U.S. officials in Washington that Iraq's heavy weapons and air superiority would turn the tide against the Iranian attack, which began early last month.

The analysis by experts in the region was based on several factors, including the contrasting styles and tactics of the two armies, the terrain and the military-political objectives of both sides.

The heavily mechanized Iraqi Army, invading a chaotic, postrevolutionary Iran, made nearly all its gains in the first week of the war, was pushed back to its own soil in the spring of 1982, and has been on the defensive ever since. The generally lightly armed Iraqis, many of them young, irregular volunteers, accept death as religious martyrdom, making them a formidable force.

The terrain, marshy at this time of year, has been to the Iraqis' advantage. It has limited Iraqi tank movements and the effect of the

long-range barrages of artillery that are Baghdad's main tactic.

"Artillery plays a humongous part in the Iraqi order of battle, but in a marshy area and palm groves, its effect is limited," said one military expert. "In that kind of marshy ground, you can pump artillery in, but the shells will sink in the mud and the force just goes straight up."

Another point, this expert noted, is the shift in tactical advantage when the attacking Iraqis, once having taken an Iraqi position, become defenders of what are usually strongly fortified fortifications. The usual military rule of thumb is that an attacking force should have a three-to-one manpower advantage over defenders, a burden that has now been shifted to the Iraqis.

"The Iraqis dig in very quickly," a military analyst said. "Every day, every hour you let them stay there, their defenses get stronger."

But several experts noted that while there were strong advantages to Iran in keeping Basra under attack, the Iraqis would face huge problems in defending and administering the city were they to take it in what would likely be bloody house-to-house fighting.

"Basra means a lot to the Iraqis, but it's more important politically and psychologically than militarily," said one expert.

"You can create havoc in the city," he added. "You don't have to own Basra to make it uninhabitable. If you can effectively control Basra by fire from outside, if you have made it a nonviable entity, you have accomplished part of your objective."

Hans-Heinz Kopietz, an expert on the war at the Institute for Strategic Studies in London, noted: "If you occupy the city you have to feed them, supply hospital care, provide electricity. But if you can intimidate the city, you have an almost empty city."

He expects a new Iranian offensive by March.

Another military expert said: "The Iraqis have always been terribly worried about the so-called final offensive. But what if this isn't the big offensive? What if they are sucking the reserves in and strike somewhere else? Where is the regular Iranian Army? These are the terrible questions they should be asking."

With Election Won, Aquino Seeks to Push Reforms

By Michael Richardson
International Herald Tribune

MANILA — President Corason C. Aquino of the Philippines announced Wednesday that he would press ahead with a major land reform program following his government's landslide victory in a key constitutional referendum.

She said foreign countries had been asked to provide \$500 million to support the plan to help tackle the root causes of rural poverty and Communist insurgency.

Mrs. Aquino's televised remarks represented her first declaration of policy since the new democratic constitution, which won overwhelming support in the Monday plebiscite.

Analysts said with the voting over, the Aquino administration appeared poised to launch a more intense political-military campaign to curb the country's armed insurgency. The armed forces and some right-of-center members of Mrs. Aquino's administration have been urging tougher action.

The president said if Communist leaders carried out their threat to end peace talks and a 60-day ceasefire with the government Sunday, she would try to continue negotiations with regional representatives of the left.

Some officials believe that adoption of a regional approach by the government could lead to splits in

the Communist Party, its guerrilla army and their main mass organization, the National Democratic Front.

Defense Minister Rafael M. Ilo said earlier that his troops would launch an all-out offensive against Communist rebels who ignored the government peace initiatives.

Teodoro Benigno, the president's spokesman, said at a press conference that a reconciliation and rehabilitation program would be formally launched Feb. 25 to persuade people involved in the country's two main insurgencies — the nationwide Communist movement and a Muslim insurrection in the southern Philippines — to lay down their arms.

He said it would provide training, employment, land and financial assistance to returnees.

Mr. Benigno said Mr. Ilo had told a cabinet meeting earlier in the day that when the new constitution was proclaimed, all members of the armed forces would be asked to swear an oath of allegiance to it as a result of an abortive military rebellion last week. Those who refused would have to resign.

But Mr. Benigno said Mr. Ilo was convinced that there would be a "very, very minimal" number of refusals and that the overwhelming majority of the 160,000 officers and men would swear an oath of allegiance.

Mr. Aquino said the election result showed that the Filipino people totally rejected attempts from the left or right to solve problems by violence.

As the commission on elections began its official vote tabulation Wednesday, the latest unofficial count covering nearly 75 percent of polling centers showed a 77.46 percent vote for the constitution.

Mr. Aquino said the plebiscite proved her government's "unquestionable legitimacy."

She said she was ready to "reach out" and talk directly to her critics in the armed forces, including younger officers and enlisted men, following the coup attempt last week.

She also said she was extending the hand of reconciliation to her political opponents, including the former defense minister, Juan Ponce Enrile, who she dismissed last

November amid rumors that he was involved in plotting a military coup.

But Mrs. Aquino noted that reconciliation was a two-way street. "The other side has to accept my offer," she said.

She said an extensive revamping of her cabinet was imminent because many members would have to resign by early March to register as candidates for congressional elections in May.

The president, who is commander-in-chief of the armed forces, played down a report from Mr. Ilo that 60 percent of military personnel had vowed for the constitution and 40 percent against — a yes vote much lower than the national average.

She said "in any language," 60 percent in favor was a landslide.

Marcos Has Medical
Ferdinand E. Marcos, the former Philippine president, spent several hours undergoing a medical examination at a U.S. Army hospital in connection with a delayed court appearance, a Justice Department spokesman said. The Associated

Press reported from Honolulu on Wednesday.

Mr. Marcos has been subpoenaed to testify before an Alexander, Virginia, federal grand jury investigating alleged misuse of U.S. aid to the Philippines during his presidency, but he says his doctors have told him he may develop pneumonia in cold weather. Last month, his lawyers were able to win a delay of his appearance.

Gorbachev Meets With Kissinger, Kirkpatrick
The Associated Press

MOSCOW — Mikhail S. Gorbachev, the Soviet leader, met Wednesday with Henry A. Kissinger, a former U.S. secretary of state, and 10 other members of a delegation from the U.S.-based Council on Foreign Relations.

The Americans, who include Jean J. Kirkpatrick, a former chief delegate to the United Nations, are in Moscow for talks with Mr. Gorbachev and other top Soviet officials.

Australians Debate Call to Entice Asian Immigrants

By Jane Perlez
New York Times Service

SYDNEY — A well-known Sydney businessman recently stunned his colleagues by suggesting that Australia quadruple its population by allowing more people to immigrate.

Jaws fell further when Kerry Packer, one of Australia's most

successful media magnates, added that more Asians, already settling here in record numbers, should be encouraged to immigrate.

"It's time to realize we can't survive with just 16 million people on this enormous island," he said.

In a country almost the size of the United States but with a population only about as great as Texas, immigration is one of the most sensitive political issues.

With two-thirds of its population concentrated in six coastal cities, Australia has long been aware of its large and empty center. The refrain "populate or perish" is a staple of national rhetoric.

Recently the debate has taken on a new and, many say, more rational

tone. Until the last 10 years, European immigration, the only kind that was officially sanctioned, was popularly viewed as a defense against what national leaders portrayed as a land grab by crowded Asian countries to the north.

During the 1970s and early 1980s, in recognition of unemployment at home, immigration was cut to a trickle, allowed only on humanitarian grounds, an exception made largely for Vietnamese refugees.

Although there has been little improvement in the unemployment picture, Immigration Minister Chris Hurford is advocating a rise in immigration as a way of beefing up the skilled labor force.

Last year, 95,000 immigrants landed on Australian shores, most of them from England and Ireland, with Vietnam in third place. This year, Australia expects 115,000 new arrivals, the largest number since the heyday of European immigration in the 1950s and 1960s.

These immigrants will include entrepreneurs and businessmen from Hong Kong, who now are being welcomed with open arms if they have more than \$150,000 to invest in Australia.

Given Australia's declining birth rate and aging population, a constant annual flow of 115,000 would result in a population of only 19.2 million by 2001, according to immigration officials.

Mr. Hurford has bought the argument of the business community that more immigration, although not on the scale envisioned by Mr. Packer, would mean an increased demand for domestic goods, greater productivity and lower prices.

This thesis has been rendered more palatable by a report from the Committee for Economic Development of Australia, which found that immigrants, by opening new businesses, increased the job prospects of unemployed Australians.

To the business community, the need for more skilled workers is evident. The work ethic, businessmen say, has never been strong in the Australian character; indeed, diligent workers often are ridiculed as "conchie," a diminutive for "conscientious." Compounding the problem, they add, are the high wages paid to unskilled workers.

"The economic incentive for a young person to acquire skills is very slight," said Ralph Evans, a

partner in a management consultancy firm.

"Unskilled jobs are relatively well paid," he said. "And it's not part of the popular ethic to invest in the future."

Increasing the population by immigration is not entirely popular with the Australian public. "People think immigrants will take jobs away from them," said the West Australian state premier, Brian Burke.

But just as great as the economic fear is what a leading Sydney newspaper columnist called "the still-strong undercurrent of racism."

The "white Australia" policy that prevented Asians and blacks from settling in the country was abandoned in 1973, but the sentiment lingers.

The president of the Victorian Returned Services' League, the local equivalent of the Veterans of Foreign Wars, called Archbishop Desmond M. Tutu of South Africa a "witch doctor" when the Anglican leader visited last month, and added that black and Asian immigration should be stopped. A Perth radio station received 13,000 calls on the subject, 10,000 of them in favor of the old policy.

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DOONESBURY

U.S. May Urge Wider Screening For AIDS

By Lawrence K. Altman
New York Times Service

WASHINGTON — U.S. health officials have reported that they were considering recommending much wider blood testing for infection by the AIDS virus, including tests for all applicants for marriage licenses and for everyone who is hospitalized or who is treated for pregnancy or sexually transmitted diseases.

The test is now required only of blood donors, military recruits and among people in the military.

The proposal for wider testing, reported Tuesday, is prompted by the continuing spread of AIDS and the threat it poses to unborn children, according to Dr. Walter Dowdle, AIDS director for the national Center for Disease Control in Atlanta.

AIDS has already struck at least 30,000 Americans, more than half of whom have died. It is projected that it will cause more than 50,000 deaths a year in the United States by 1991. It is caused by a virus that attacks the victim's immune system and can remain in the body for years before the disease develops.

Acquired immune deficiency syndrome cripples the body's immune system, leaving the victim susceptible to infections and cancers. It is caused by a virus that spreads through sexual intercourse or exchanges of blood, as in shared hypodermic needles. In the United States, most of the victims of the disease have been homosexual men or intravenous drug users, and their sexual partners.

Four percent of the cases have been attributed to viruses spread through heterosexual intercourse. Dr. Dowdle said that the officials were considering the recommendation as a way of stimulating wide debate on measures health officials might take to control the disease. It is expected to be put forward at a public forum the agency will hold Feb. 24 and 25 in Atlanta.

The proposal has already generated controversy from those who believe it could violate personal rights and frighten people who might be infected away from medical facilities.

Dr. Dowdle said, "The time is ripe to discuss these ideas in an open forum and to make certain we do not overlook any possible way to curb the epidemic."

The Center for Disease Control would submit any recommendations made at the meeting to the state and territorial health officers for their consideration. Recommendations would not be binding on hospitals or state agencies, Dr. Dowdle said.

"This is a consensus-building and cautious process," Dr. Dowdle said. "It is not our intention to have a federal statute."

Some of the proposed measures, such as premarital blood testing for AIDS, would require action by state legislatures. State laws vary widely. New York, for example, no longer requires a premarital blood test because the state legislature decided that checking for syphilis was not cost-effective, given the relatively low incidence of the disease compared with decades past.

In the past, the U.S. government has encouraged AIDS tests for people considered at high risk, such as male homosexuals and intravenous drug users.

More systematic, widespread screening would be a major change that would pose extraordinary challenges to doctors, hospital workers and health officials working to protect confidentiality of those infected with the virus, Dr. Dowdle and others said. Some people infected with the virus have lost jobs and health insurance, even if they showed no signs of illness.

The test detects antibodies to the AIDS virus. Antibodies are substances the body produces to defend against invading microorganisms. People can be infected with the AIDS virus and not become ill for many years. Though healthy in this period, carriers are presumed able to transmit the virus to others.

Children would be the intended beneficiaries of premarital and prenatal testing to detect the AIDS virus, Dr. Dowdle said.

"There is a 30 percent to 50 percent chance of a mother who tests positive for the AIDS virus passing the infection on to the child," he said, "and most children who test positive for AIDS at birth have some manifestation of the disease within a few years."

It would be up to prospective parents, he said, to decide whether to bear children and, if a pregnant woman was infected with the AIDS virus, whether to have an abortion.

The Center for Disease Control is not proposing that people who show signs of infection be denied marriage licenses, Dr. Dowdle said. He said knowledge of infection "would provide an opportunity for counseling and for protecting the noninfected potential partner as well as future children."

He said AIDS testing upon admission to hospitals might vary among hospitals and according to reported incidence of the disease by geography.

Displaced Farm Families Share Sense of Injustice, Longing for Lost Life

By Andrew H. Malcolm
New York Times Service

CHICAGO — Around the clock through the year, 180 times a day now, another American farm disappears, another victim of consolidation, changing economics, poor management, bad luck, high interest rates, low crop prices, emotional and financial despair, or some of each.

"There's a silent atrocity creeping across the heartland," says Joan Blundell, a mental health counselor in rural Iowa. "And I don't think anyone knows yet where we are headed."

What happens to these close-knit families who are forced off their land, forced to move for perhaps the first time? Where do they go? What do they do? How well do they cope? And what is the emotional and financial price for them, and for society?

The latest forced migration is so new that local governments and counselors are too busy to step back and study patterns. "The past for many is dead," Ms. Blundell says, "but the future is not yet born."

Still, some indications emerged in detailed conversations with former farm families across the agricultural Middle West in recent months. One younger farmer found new work and loves it. A second successfully sells door-to-door near his home town. Another lost his farm, his new job and, now, his health.

Though their experiences, reactions and stages of healing range widely, the three are alike in two things: a shared sense of injustice amid changing economic and social values, and a wistful view of their lost previous lives, a sadness reflected in the tears they and their wives sometimes still shed.

"I Made Some Mistakes, But I Wasn't a Failure"

Two years ago Dean Hagedorn walked into a local bank in Spencer, Iowa, with a \$94,000 check, the proceeds of that year's entire corn crop. He planned to use three-quarters of it to keep his loan payments



"There's a silent atrocity creeping across the heartland, and I don't think anyone knows yet where we are headed."

—Joan Blundell, a mental health counselor in rural Iowa

up to date and to parcel the rest out to other creditors. However, the bank kept the entire check.

"I said, 'My God, Larry, you've taken the whole crop,'" Mr. Hagedorn recalls softly now. "What else can I do?" And he said to me, 'Maybe you better think about doing something else with your life.'"

Mr. Hagedorn learned an important lesson that day: "A farmer is an eternal optimist," he says, "and that's not good anymore."

Today, Mr. Hagedorn is a door-to-door salesman, selling travel club memberships and insurance plans to anyone who will see him. "I'm working 70 hours a week," says the 42-year-old father. "The only difference with farming is now I get paid for those 70 hours."

In fact, there are many other differences in his life, some good, some bad. He still has \$25,000 in debt, but his three children are adjusting well to the move from a rural high school with 75 students to one with 800, in town.

Mr. Hagedorn is pleased with his income, and the family certainly has more disposable income than ever before. But he misses working in the fields with the promising

smell of soil in the spring. He and his wife, Kaye, are working on repairing the isolation and mistrust that strained their marriage. And Mr. Hagedorn says he has conquered his drinking problem.

"Some days," he says, "I feel like I'm 112. And then I get to having fun in my new life and I feel like I'm 22."

Mr. Hagedorn's story is familiar in this region: a family tradition of farming, children reared to do their share of chores without being told, a solitary workday atop a growing tractor, a family that ate supper together every night, starting with grace, a life that revolved around the land and the seasons.

"I loved seeing things grow," Mr. Hagedorn says, "being my own boss and working together as a family."

But a familiar combination of circumstances struck the Mr. Hagedorn family farm: rising costs and declining crop prices, unfavorable weather, mounting interest costs that rolled into mounting debts, that created overdue balances, sleepless nights and worried days, angry arguments and sullen silences.

There was a painful back injury when a steer crushed Mr. Hagedorn against a wall. The local bank was sold to a larger one elsewhere and the familiar loan officers were replaced by younger people with sharper pencils.

Mr. Hagedorn took several part-time jobs to provide income. But his employers were also strapped by the spreading farm depression. He was laid off. "I started drinking too much," he admits. "It was degrading to go broke on a family farm. My kids' friends were mocking them."

Kaye Hagedorn steered her husband to a counselor who told the farmer something shocking: He wasn't alone; countless other farmers were in trouble too. "And I learned," he says, "that I may have made some mistakes, but I wasn't a failure."

Last September, the farm in bankruptcy, the Hagedorns moved off the land into a rented house in town. Mr. Hagedorn had found an understanding boss, passed the required insurance tests and set out to build a client list, door to door, phone call by phone call.

Last year, working six days a week, Mr. Hagedorn says he earned \$33,000 in commissions. This year he is shooting for \$42,000.

"I really liked farming," Mr. Hagedorn adds, puffing on his sixth cigarette and drinking his sixth cup of coffee. "But now I'm in sales."

"I'll Get a Job. Hope It's Soon"

"Well," says Gene Petrick, who remains unemployed and somewhat puzzled by his predicament, "it's been quite a while, I'll say that."

First, he said matter-of-factly, the bank where his family had done business for 45 years strongly suggested that Mr. Petrick consider getting out of farming before the value of their property in Sibley, Iowa, fell further.

Then came the sale, which was emotional. After three months' looking, the 56-year-old Mr. Petrick found a job bagging powdered milk at a local creamery. But last October he and several co-workers, all ex-farmers, were laid off.

While working at the creamery, Mr. Petrick had a hernia operation. After being laid off, he learned he had cancer.

The Petricks have existed on a combination of food stamps, part-time jobs and help from church friends, anonymous contributions and their children, who are grown and working elsewhere. Occasionally a local turkey farmer hires Mr. Petrick to help. His wife does cleaning and sometimes inserts the

local newspaper's special sections. And the couple had a good garden last year.

"It's been a good life," Nancy Petrick says. "We're thankful we were able to raise our boys on the farm. We had some real good times, teaching the calves how to drink. Remember?"

"Oh," said her husband, "It's been a great life. You plant the soybeans and in three or four days you go out and see thousands of little shoots pecking through the ground and you say, 'You know, I got that new life started.' It sure makes your faith stronger. You're working the ground God gave us."

After the sale, Gene Petrick says, he tried not to go into town, he was so embarrassed. Then he had to get away from the house where he has lived since the third grade; the sight of other tractors in his fields was too painful.

He has vowed to find another job. He has applications in at every business in the area. So now he stops by each regularly to affirm his eagerness to work. Time after time, "You see, you gotta keep at 'em," he says.

"Sometimes," he adds, "I wonder what I did wrong."

Nancy Petrick adds quickly, "We have to be patient."

"Yes," Mr. Petrick agrees. "I'm sure I'll get a job somewhere. Hope it's soon."

"An Adjustment Period Like When Someone Dies"

"When I was interviewed for this job," John Piskarik says, "the chief asked me if I could handle a 10-

hour work day. I said I didn't know, it's been so long since I only had to work 10 hours a day."

Mr. Piskarik is 33. He is one displaced farmer who moved into a small city, Washington, Iowa, found work as a police officer and enjoys it greatly.

"After we got sold out nearly two years ago," Mr. Piskarik said, "I looked around for work for months. You'd hear about a minimum wage job at a convenience store. You'd go and there'd be 50 guys applying, some of them with college degrees."

Mr. Piskarik and his family have had some difficulty adjusting to city life and shift work. They have also had some satisfactions.

Mr. Piskarik would not declare bankruptcy after their bankrupt farm just outside Cedar Rapids, Iowa, was auctioned. "I have a good reputation," he said. "And I'll pay everyone back eventually."

A year ago he took the tests to become a firefighter. One question asked if he thought hard work paid off. Having just lost everything despite all his work, he said no. Another asked if he had ever sought professional counseling. "I wrote yes," he says, "I thought that was a sign of strength to recognize and accept you need help."

Mr. Piskarik did not get the job. But the chief of police here heard about him. He was looking for a juvenile officer. Mr. Piskarik, who for years had taken troubled children into his home temporarily, was hired for \$14,000 a year. His wife, Jamie, also works part-time nights at a nursing home. That money goes toward old farming debts.

"I can see where a lot of city husbands and wives drift apart," Officer Piskarik says. "We've each got our own work, our own schedule and demands. It's not just the farm anymore."

"After farming," he said, "You go through an adjustment period like when someone close dies. There's a time of disbelief. There's a time of anger. There's a time of mourning. And there's a time of adjustment. It's a real spirit-breaking time."

One family member could not make the adjustment: Jake, the border collie. "Every morning," said Mr. Piskarik, "I'd say, 'Jake, go get the cows.' And by the time I'd finish breakfast, he had them all up by the gate. It broke his heart when the cattle were sold. And it broke his heart when I moved him to town. He would tell him. One night he chewed through the front door to get back outside. I know how he felt."

Serious Crime by Youths Reported Rising in U.S.

By Peter Applebome
New York Times Service

FORT WORTH, Texas — After the judge read the jury's verdict last week, the defendant looked up to his attorney for an explanation, and was told softly, "We lost."

With that, the 10-year-old boy in the blue and gray athletic jacket buried his head in his hands and began to cry. He had been found guilty of delinquent conduct in the stabbing and beating of a 101-year-old woman in December. His sentence could include placement in state youth facilities until he is 21.

The woman, a neighbor, had identified the boy as her assailant while testifying from her wheelchair in a two-day trial in juvenile court in Fort Worth. A jury trial, which is not usually held in juvenile cases, was conducted in open court at the request of the boy's attorney.

It was a jarring scene, but similar ones are occurring with increasing frequency, according to juvenile experts around the United States. They say younger children are becoming involved more often in serious criminal activity usually associated with older youths or adults.

Figures on juvenile crime can be elusive, because much of the crime involving young children is not handled through conventional judicial channels.

But interviews with juvenile justice officials around the country indicate that the age at which youngsters are committing serious crimes is declining steadily, and that cases that seemed like bizarre anomalies a few years ago are now becoming more common.

According to crime figures compiled by the Federal Bureau of Investigation, based on reports from 11,249 agencies in 1985, youths age 15 and younger were responsible for 381 cases of murder and non-negligent manslaughter, 18,021 aggravated assaults, 13,899 robberies and 2,645 rapes. Children age 12 and under were responsible for 21 of the killings, 436 of the rapes, 3,545 aggravated assaults and 1,735 robberies, the FBI said.

Officials at the National Center for Juvenile Justice, a private, non-profit research organization in Pittsburgh, said that from 1978 to 1983 the fastest-growing areas in juvenile crime were the youngest age groups. The rate of referrals to juvenile courts rose 38 percent for 12-year-olds, 37 percent for 13-year-olds, 22 percent for 11-year-olds and 15 percent for 10-year-olds, the youngest age for which figures were available.

Explanations range from increasing drug and gang activities in elementary schools, including criminal activity involving a highly potent form of cocaine, called crack, to the high level of violence in the society as a whole and to increasing stress on families, particularly in poor urban areas.

Daniel P. Dawson, chief of the juvenile division for the ninth circuit state attorney's office in Orlando, Florida, said, "Not only is the age dropping at which kids are getting involved in crime, but violent crimes are being committed by younger and younger kids."

Of particular worry nationwide is the increasing drug use in elementary schools, particularly the use of crack and of such inhalants as paint or glue. Officials say that although the national incidence of drug use is decreasing, its use by children is increasing dramatically.

"Drug use need to be a decision of adolescence," said Hunter Hurst, director of the National Center for Juvenile Justice. "Now it's a fourth-grade decision."

James A. Payne, chief of Family Court for New York City's Law Department, said drug use was part of the reason for a marked increase in violent activity by younger juveniles in recent years. Drugs accounted for 4.2 percent of all juvenile arrests in 1985 and 6.8 percent last year, he said.

"We've had almost a 50 percent increase in drug crime," Mr. Payne said. "Crack is the main reason. We are seeing kids as young as 10 or 11. They can make \$800 a week. They only stay in school because that's where their constituency is."

In other areas of the country gangs are blamed for a major impact on juvenile crime. Officials in California say the average age of gang members is steadily dropping as older children bring in younger ones.

Ron W. Hayes, deputy director of prevention and community corrections for the California Department of the Youth Authority, said that there are about 500 gangs and about 50,000 members in the state. "You put drugs and gang behavior together and you get violent behavior," he said.

Officials say the implications of a lowering of juvenile crime ages are extremely troubling.

"We've considered the prime criminal activity years to be from 16 or 17 to 22 or 23," said Mr. Dawson, the state attorney's official in Orlando. "Now we're seeing increases in crime not because of population shifts in that age group but because there's more crime involving young kids. If you expand that bell curve in which you see the most crime down to 13 or 14, the total crime rate is going to skyrocket."

Another aspect of juvenile crime that is being treated with increasing concern is the racial issue. Demographers say that the trends show the bulk of the increase among juveniles will involve those who are members of minority groups.

In 1965, 50 percent of the inmates of the facilities operated by the California State Youth Authority were white, 19.7 percent were Hispanic and 28 percent were black. In 1986, 25.3 percent were white, 32 percent were Hispanic and 39 percent were black.

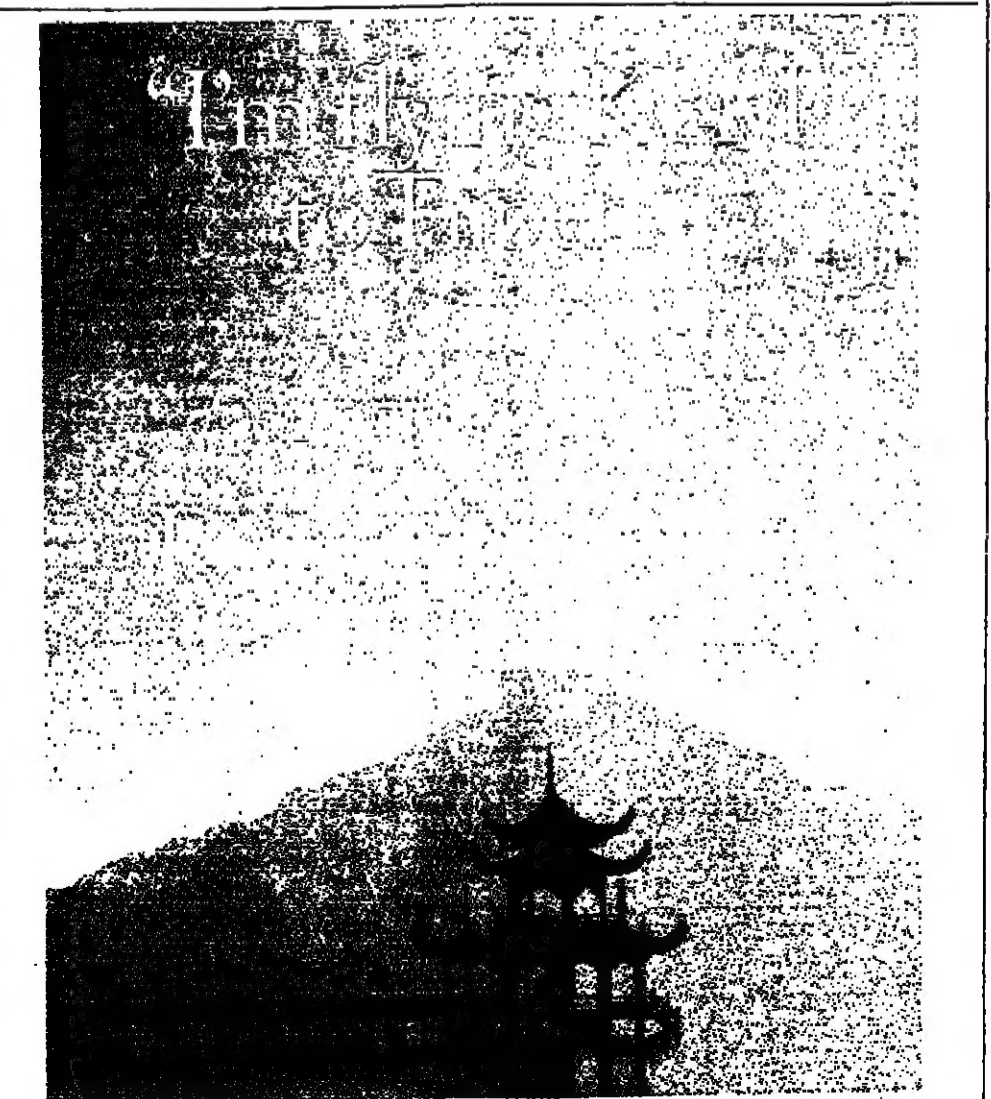
While the U.S. juvenile justice system has been trying for years to cope with the steady drop in the age of criminal activity, officials say the nation is slowly changing the way it looks at juvenile offenders. In New York, for example, the juvenile offender law of 1978 made it possible for 14- and 15-year-olds charged with serious felonies and 13-year-olds charged with murder to be tried in adult courts.

State Legislator Wins Los Angeles City Vote

The Associated Press

LOS ANGELES — Gloria Molina, a state assemblywoman, has won a special election for a new City Council seat created after the U.S. Justice Department sued the city for lack of minority representation.

With 57 of 69 precincts reporting in unofficial returns Tuesday, Ms. Molina had 5,504 votes, or 57 percent of the 9,521 ballots cast in the four-way race. Larry Gonzalez, a member of the city Board of Education, was second with 2,473 votes.



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Dog on Artificial Heart Dies

Washington Post Service

WASHINGTON — A dog has died after surviving 11 weeks with an artificial heart chamber created from its own back muscle, University of Pennsylvania researchers said Tuesday.

More Student Protests in Spain

MADRID — Protesting students started a strike in Madrid, disrupting traffic on the Barcelona stock exchange and held up a bicycle race in southern Spain on Wednesday, hours after 45 persons were injured in clashes with the police.

As talks to end two months of unrest in high schools resumed at the Education Ministry amid threats of fresh protests, groups of teenagers tied up traffic on Madrid's main Castellana Avenue and western highway, the police said.

About 500 demonstrators forced their way into the Barcelona stock exchange, halting trading for several minutes. Others stopped some of the world's top cyclists in the Tour of Andalusia by sitting on the road for 15 minutes near Gibraltar.

In Madrid, a government spokesman said that 32 policemen and 13 demonstrators were hurt late Tuesday when clashes broke out as students tried to break

through a police cordon outside the Cortes, or parliament.

Education Minister José María Maravall Herrero called their demands for social benefits and free access to university unrealistic.

He met Wednesday with representatives of six regional governments that have local jurisdiction over education, and they agreed to increase spending.

The main student unions have rejected an inadequate Mr. Maravall's offer to add \$155 million to his budget this year to pay for more schools and scholarships.

The Students' Coordinator called a march on Prime Minister Felipe Gonzalez's office for Friday. The Students' Union, which claims the widest following, called a boycott of classes and a march on Madrid next week.

French Teachers Protest

Several thousand people marched peacefully in Paris on Wednesday in protest over education reforms proposed by the conservative government, United Press International reported.

The demonstrators included leaders of instructors' unions and schoolteachers from the Paris region.

According to organizers, 25,000 people marched to Prime Minister Jacques Chirac's office, but were blocked from entering the grounds of the building.

The teachers and their unions object to a government ruling giving more authority to primary school principals. The measure is aimed at establishing an independently trained principal to supervise teaching, coordinate teachers' work and be answerable to students' parents.

Mr. Chirac's previous attempt at educational reform, concerning entrance requirements to university, triggered a month of student demonstrations that ended in rioting and the death of a student.

SAUDI: AWACs Sales

(Continued from Page 1)

used covert means to fund resistance groups such as the contras years earlier than had been publicly known before.

However, it could not be learned who in the administration first proposed Saudi financing of American-backed anti-Communist movements. Nor is it clear why the administration might have been trying to arrange such financing as early as 1981. Covert assistance to rebel movements would have to have been reported to congressional oversight committees, but there was no explicit ban on military aid to the contras, for example, until 1983.

One former administration official said, "I recall the Saudis agreeing to fund anti-Communist groups at the time of the AWACs sale, in connection with the sale." He said that how the informal agreement would be implemented was never explicitly defined.

The 1981 sale of the AWACs planes, the United States' most advanced surveillance aircraft, was narrowly approved by the Senate after a long debate.

The administration maintained that the sale would improve security in the Gulf region and support the Saudis as a moderating influence in the Arab world. Israel viewed the Saudi AWACs as a security threat.

The Senate voted 52-48 to approve the sale after the administration gave assurances that the United States would maintain Israeli military superiority and that American personnel would operate some of the planes' most secret components. The first planes were delivered last year.

The Saudi agreement to fund insurgencies was not mentioned in the debate over the \$8.5 billion sale.

Sources said that when the agreement was made, American officials said they would specify later which insurgencies would need support. The officials added that the Saudi government had already established a channel to the Afghan guerrillas and probably would have aided them even if the United States had not been involved.

The Saudis have officially denied providing funds to the rebels in Nicaragua. However, Saudi officials have not commented on whether Saudi Arabia has provided funds to other guerrilla groups or whether the contras have received private Saudi funds.

Fahd and the Saudi ambassador to Washington, Prince Bandar bin Sultan, did not respond to questions about the AWACs deal and related matters.

The American businessman, who asked not to be identified, said that shortly after the Senate approved the AWACs sale, he met with Fahd at the king's home outside Riyadh, the Saudi capital.

The businessman said Fahd told him that he had negotiated a reduction in the number of Americans to be involved in operating the planes. In return, the king reportedly said, the Saudis had agreed to an American request that they "fund movements to fight Communism."

When the businessman asked the king for details of the funding, he said, he was told that "it's up to the U.S. government to tell us where." Congressional investigators and administration officials say the administration has requested financial help from Saudi Arabia for rebel groups several times over the last five years.

As an example, congressional investigations of the Iran-contra affair have uncovered a Central Intelligence Agency bank account in Switzerland holding \$250 million the Saudis donated for the Afghan guerrillas. The Senate intelligence committee also heard testimony about approximately \$30 million the Saudis donated for the contras, but investigators have been unable to trace these funds.

The California businessman said that starting in late 1983 and continuing through 1985 Saudi officials, including Fahd and Prince Bandar, asked him to funnel about \$15 million to the contras.

U.S. Denies Report

The Reagan administration said Wednesday that it had not been uncovered to link the sale of the AWACs planes to a Saudi agreement to aid anti-Communist groups. Reuters reported.

The White House spokesman, Martin Fitzwater, said, "We don't have any indication of any understanding or quid pro quo" in the AWACs sale.

Give Me a Phone, Where Buffalo Roam...

By T.R. Reid
Washington Post Service

PLATTE COUNTY, Wyoming — Doris Leonard contacted the telephone company and asked to have a new phone installed in her home. A truck arrived, the phone was put in, and the next month she received the bill.

For \$4,852.

"Well, of course, I was delighted," she said.

After decades of climbing into the pickup truck for a 35-mile (about 55-mile) round trip to the little town of Glendo whenever she needed to make a call, Mrs. Leonard and her neighbors in the town, windswept reaches of eastern Wyoming are delighted with a technological breakthrough that has finally brought them home telephone service.

The new phones on the range are wireless but provide clearer, more reliable and more private communication than other radio-telephone services. They could help provide the means for the United States to achieve the long-sought goal of "universal" telephone service — a network accessible to every home in the country.

The federal government and the telephone industry formally established this goal more than 50 years ago. But today, according to the Rural Electrification Administration, about 500,000 rural households remain so far in the middle of nowhere that running a line to them has been too expensive.

While the immediate applications are here in the wide open spaces, the new wireless telephone could have even larger implications for city dwellers.

By allowing home telephone service with no need for expensive wire connections, such systems could enable new companies to challenge the residential-service monopoly still enjoyed by local phone companies.

"In the 1960s," said Philip Allen of Mountain Bell, the regional telephone company here, "a few companies started building microwave towers for long-distance calls, and that was the beginning of the technology that drove the breakup of the Bell System's long-distance monopoly."

"What you're seeing now up there in Wyoming could be the beginning of the same sort

of change for local home service," he said.

Before any kind of wireless telephone becomes a serious alternative for the city dweller, however, the price must fall sharply. At \$4,800 a unit, these new phones are not close to being competitive with existing residential service.

The Ultraphone is a radio unit, but the technology differs from "cellular" phone systems used for automobile telephones in cities.

The standard cellular system broadcasts conversations just like a radio station, making them subject to interference and eavesdropping.

But this phone converts voices into a stream of digital bits. This not only permits more callers to use a single radio channel; it makes it difficult or impossible to listen in.

"We got electricity out here in 1950, '51, something like that, and we thought that was right something," said Orman Milliken, another local resident. "But now we look over there and see this telephone in our house, and we think, well, we're in the modern world now."

U.S. Plays Down Attack Possibility

WASHINGTON — The White House warned Wednesday against speculation that the Sixth Fleet was planning military action in Lebanon and administration officials said one of two Marine assault teams may soon be removed from the region.

The United States has built the fleet to 35 ships in recent weeks and 22 of them, including the aircraft carriers Nimitz and John F. Kennedy, are in the eastern Mediterranean near Lebanon.

On Tuesday, the United States moved five ships and a 1,900-man Marine amphibious assault team into the western Mediterranean but administration officials said a second 1,900-man team, already in the eastern Mediterranean with the Nimitz task force, would probably be replaced by the new unit and brought home.

CAPTIVE: Iran to Expel Reporter

(Continued from Page 1)

on the part of the Iranian authorities. The official added, however, that the American reporter had violated several Iranian regulations during his stay in the country.

The official said that Mr. Seib's behavior was "far from his duties as a journalist," but the nature of the infractions that Mr. Seib is alleged to have committed was not spelled out.

Asked what Iran expects from the United States in return for the reporter's release, the official replied:

"Our problems with the United States still remain unsolved, and this is not in connection with Mr. Seib's release."

Low-Key U.S. Approach

The Reagan administration maintained an uncharacteristically low-key approach since Mr. Seib was detained. The New York Times reported from Washington.

The approach was sharply different from its reaction following the Soviet detention of Nicholas S. Daniloff in Moscow in August 1986.

Mr. Daniloff's arrest on espionage charges was followed almost immediately by specific threats of retaliation and angry public comments by both President Ronald Reagan and George P. Shultz, the U.S. secretary of state.

The differences with the Daniloff case, according to American officials, is that Soviet-American relations are clearly governed by well-defined rules of diplomacy that are respected by both sides, whereas the United States has off relations with Iran following the 1979 seizure of the U.S. Embassy in Tehran.

There have never been fixed rules governing foreign journalists working in Iran since the revolution.

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IRAN: Feud Intensifies

(Continued from Page 1)

announced Wednesday that Mr. Seib was being expelled.

The power struggle, these sources say, is not a straightforward contest between moderates and radicals, as the Reagan administration sought to explain it following the controversy over the arms sales. The divisions are much more complex and revolve around personalities as well as policy.

"We are not talking about simple left-right competition as we have in the West," said one European diplomat in Tehran.

"We are talking about degrees of Islamic extremism. They all believe in the idea of the Islamic revolution; where they diverge is on the economic and social policies that the revolution should be following.

And, most recently, the need to break out of their international isolation to better carry out the war with Iraq."

Mr. Rafsanjani, diplomats say, is more of an opportunist than an ideologue and often plays to whatever issue seems most likely to advance his cause.

His main power base is the Revolutionary Guards, who are fighting in the vanguard of the current offensive against Basra.

In the past year, Mr. Rafsanjani has become a leading advocate of pursuing an outright victory over Iraq. He reportedly has become convinced that, to ensure its military triumph, Iran must open contacts with countries that can provide the kind of sophisticated weapons Iran's forces need.

That may explain his willingness to deal with the United States and why such dealings have become a focus of the internal political battles in Tehran.

Mr. Seib would not be the first unwitting victim of Iran's intricate political warfare. On Oct. 3, the Syrian chargé d'affaires in Tehran, Ayat Mahmoud, was kidnapped in front of his embassy, taken out of town and beaten before being freed.

Syria is perhaps Iran's most loyal Arab ally in the war with Iraq. But the Syrians have been embarrassed in Lebanon by pro-Iranian extremist groups who have been holding foreign hostages in areas controlled by Syrian troops, and Damascus has asked the Iranian government to rein in its allies.

Mr. Mahmoud, sources here said, was beaten up because he was thought to be meddling in Iranian affairs.

The faction that has since been identified as being his attackers was one headed by Mehdi Hashemi, the brother of Ayatollah Montazeri's son-in-law, and until recently, the head of the Islamic Liberation Movement. That movement is responsible for spreading the chief advocate of breaking Iran's isolation, the attack on Mr. Mahmoud was widely seen as an attack on Mr. Rafsanjani's policies.

Mr. Hashemi and a group of his closest collaborators were arrested, apparently at Mr. Rafsanjani's request, in mid-October on charges of treason and abuse of power.

Bonn Pledges to Destroy Bad Milk

BONN — Environment Minister Walter Wallmann stepped Wednesday into a controversy over a bid to export radioactive powdered milk to the Third World and promised the contaminated milk would be destroyed.

Mr. Wallmann said at a news conference that he was taking control because none of the West German states or companies involved would accept responsibility for the 3,000 tons of powdered milk, which is sitting in rail yards in Bremen and Cologne.

Last week, officials in Bremen

and Cologne blocked a bid to export the powdered milk to a Third World country, reported to be Egypt, where the milk came from, refused to take it back.

The milk originated from cows that grazed on pastures contaminated by fallout from the Chernobyl nuclear disaster.

"It is our aim to get the milk powder back into public hands, store it somewhere temporarily and then destroy it," Mr. Wallmann said.

The Egyptian government stepped up radioactivity checks of foodstuffs after a West German official said that Bonn had evidence that significant quantities of unspecified radioactive products had reached Alexandria.

West German radio reported that a Cypriot freighter carrying 510 tons of milk powder from Hamburg was being checked by Egyptian officials in the port of Alexandria.

However, the Egyptian Health Ministry denied that any radioactive products had entered Egypt or arrived in Alexandria, and customs officials in Alexandria said that no foreign food consignments had been seized.

SDI: Shultz Testifies

(Continued from Page 1)

some things faster than they thought they would."

On the question of a near-term deployment, Mr. Shultz said he did not know "at what point there will be the material in hand to be able to make a decision. Yes, we should go ahead and deploy." But he added, "It isn't right now."

Asked if such a decision could be made this year, Mr. Shultz replied, "I shouldn't think so."

But he said action might be considered on "certain items" in the SDI program that might have to be launched soon in order for a future president to make a broader decision on deployment five or more years from now.

A senior Defense Department official said that Mr. Weinberger discussed at the White House meeting "the extraordinary progress in the past year" on SDI and "the fact that it leaves us with more options." The official said it was "not a confrontational meeting."

On the ABM treaty issue, Mr. Shultz said that Mr. Reagan might wish to shift the U.S. position "sometime soon" to a broader interpretation of what is permissible under the treaty. He added, "Until then I'll tell him what I think on the subject."

Key Witness Surfaces In Slaying of Letelier

By Ronald J. Ostrow
Los Angeles Times Service

WASHINGTON — A former Chilean secret police captain has turned himself over to the U.S. authorities and agreed to cooperate in the investigation of the 1976 murder of Orlando Letelier, an exiled Chilean diplomat, sources said.

Captain Armando Fernández pleaded guilty in federal court here Wednesday to a lesser charge of accessory to murder in exchange for a short prison term and federal protection, sources close to the case said Tuesday. He is one of three intelligence officials indicted in the slaying whom Chile has refused to extradite.

The officials said that with Captain Fernández's cooperation they believe they will be able to build a stronger case against Chileans previously implicated in the case, as well as a third individual not previously linked to it.

The development follows extensive discussions in another South American country between Cap-

tain Fernández and the office of U.S. Attorney Joseph E. DiGenova. Sources said the case, which involved one of the boldest acts of political terrorism committed in the U.S. capital by foreign operatives, will be reopened.

Mr. Letelier was Chile's ambassador to the United States from 1971 to 1973 during the administration of President Salvador Allende.

On Sept. 21, 1976, three years after Allende died in a coup that installed Augusto Pinochet as the Chilean leader, Mr. Letelier and an American colleague, Ronni Moffitt, were killed by a bomb planted in Mr. Letelier's car.

In 1978, an American who worked for the Chilean secret police, Michael V. Townley, admitted planting the bomb and implicated Captain Fernández and other Chilean intelligence officials in the planning of the assassination.

Mr. Townley pleaded guilty under a plea-bargaining agreement and was released after serving three years and four months in prison. Captain Fernández, General Manuel Contreras Sepúlveda, former head of Chile's secret police, and Colonel Pedro Espinoza, Captain Fernández's superior, were indicted for murder.

In an action that bruised U.S.-Chilean relations, Chile in 1979 refused to extradite the officials or put them on trial, contending that the evidence against them was insufficient.

2 More Lebanese Held in Germany

FRANKFURT — The police have arrested two Lebanese nationals in connection with the discovery of a cache of explosives that increased suspicions of a possible Middle East terror ring based in West Germany, sources said Wednesday.

The two men were taken into custody shortly after the arrests of two Lebanese Shiite Muslim brothers in West Germany, one of whom is a suspect in the hijacking of a Trans World Airlines jet to Beirut in 1985.

Federal security sources said a Lebanese man living in the town of Merzig has been under arrest since Jan. 26. Another Lebanese immigrant was arrested last week in Beckingen, they said.

Gerhard Klopfer, Participant In 'Final Solution' Plot, Dies

ULM, West Germany — Gerhard Klopfer, 81, a former SS general who was a top aide to Martin Bormann, died Wednesday of a heart attack. He was a participant in the 1942 conference that decided on the extermination of European Jews, his died.

Mr. Klopfer was one of about 15 top-ranking Nazis who in January 1942 gathered in Berlin's Wannsee Villa to decide on what the Nazis called the "final solution" for the Jews in Nazi-occupied Europe.

Despite his participation, Mr. Klopfer was never convicted of any crimes after the war, because of what officials called a lack of evidence.

Alfred Ström, the head of the Nazi Documentation Center in Ludwigsburg, said that Mr. Klopfer died Jan. 23 outside Berlin. Mr. Ström confirmed that Mr. Klopfer was the last surviving member of the Wannsee conference, which was held under the chairmanship of Reinhold Hey-

Irish Jews Protest Plan to Stage Play

DUBLIN — Members of Ireland's Jewish community condemned on Wednesday a proposal to stage a play in Dublin that alleges that Jewish leaders collaborated with Nazis in the murders of Jews in World War II.

Joe Briscoe, a member of the Jewish Representative Council, said the play "has been hauled around cities throughout Europe and it is no great compliment to Dublin that it is the last city in which they are trying to stage it."

The play, "Perdition," although set in Britain, is based on a libel case tried in an Israeli court in 1954 that set off a still-unresolved debate about the role of Jewish leaders in wartime Hungary.

The Royal Court Theatre in London cosponsored a production of the play last month after protests from British Jewish groups and historians, who said the play was riddled with inaccuracies.

China to Curb State Role In Technology Research

BEIJING — China has issued regulations to reduce the role of government in scientific and technological research, the Chinese press reported Wednesday.

The regulations, issued by the State Council, stipulate that research units are to foster closer links with businesses and eventually derive all their funds from them.

The move followed other efforts to develop research and introduce incentives for researchers, who work under bureaucratic controls in inadequate facilities.

Valuable Bottle Stolen In U.S.

PROVIDENCE, Rhode Island — U.S. Treasury agents have joined in a search for a \$100,000 diamond-studded bottle of champagne that was stolen while on display Tuesday in the lobby of the Omni Biltmore Hotel. It was designed to celebrate the 1985 bicentennial of the vineyard Piper-Heidsieck of Reims, France.

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SCIENCE

Antimatter Quest Is Beginning to Show Results

By William J. Broad
New York Times Service

HALF a century after the discovery of the baffling, rare stuff known as antimatter, scientists are beginning to collect it in minuscule amounts, creating a wave of excitement around the world as they explore its nature and applications and redouble their efforts to find it in the heavens.

Breakthroughs in making and storing this enigmatic form of matter are enabling scientists to study more of it than ever before — yet still in amounts so small that the assembled mass would be invisible to the naked eye. At the edge of space, occasional rays of antimatter are being recorded by instruments that are lofted by balloons in an attempt to resolve some of the riddles that surround antimatter's origin and that of the universe.

Right now this work is pure research, but scientists say that in the future antimatter could be used in rocket engines, weapons, power generation and other applications. Antimatter is unlike anything else. Fundamentally, it is the mirror image of matter but with an opposite electrical charge — and it cannot exist in the presence of matter; they annihilate each other. Those who muse about it like to dwell on the possibilities it presents, of shadow galaxies, stars and planets that are, in effect, an anti-universe.

In the 1990s, the antimatter search is to expand as an \$80 million instrument is mounted on the side of the United States' orbiting space station in 1994 to sweep the sky with unprecedented sensitivity for traces of the exotic material.

While no evidence exists that the cosmos has clumps of antimatter, a few astronomers are nonetheless searching for stars and even galaxies made of it. Their search is driven in part by their belief that nature has a deep and abiding symmetry in which, metaphorically speaking, every plus has a minus, every yin a yang. All the matter in the universe should thus have an antimatter counterpart.

"There's no proof it isn't out there, and some theories suggest it's waiting to be found," said Dr. Mark E. Wiesendick, an astrophysicist at the University of Chicago.

Dr. Robert L. Forward, senior scientist at the research laboratories of the Hughes Aircraft Co., said: "The real question in everybody's mind is why the universe seems to be made up of matter when, on a cosmic scale, antimatter is just as easy to make. It's one of the outstanding big mysteries."

The search for symmetry has been fueled by experiments with atom smashers in which subatomic particles collide, creating the extremely high temperatures and pressures believed to have existed at the birth of the universe. The collisions produce tiny

but intense fireballs of energy that can condense into showers of subatomic particles in which every electron has an antielectron, every proton an antiproton, and so on.

The antimatter particles discovered so far have the same mass and other measurable qualities as comparable particles of matter. When matter and antimatter particles collide, they are transformed into energy, mainly in the form of gamma rays. The process releases all the latent energy the particles contain and is many times more efficient than the nuclear reactions that power atomic and hydrogen bombs.

On Earth, made exclusively of matter, a tiny particle of antimatter created in a laboratory usually lasts only a few millionths of a second before it is annihilated in a collision with matter. But in theory, islands of antimatter could be floating in the universe, cut off from matter by the void of space. If a large chunk of antimatter fell to Earth, the planet would be vaporized in a blinding flash of energy.

"An antigalaxy would look just exactly like any other galaxy," said Dr. Floyd W. Stecker, an astrophysicist at NASA's Goddard Space Flight Center in Greenbelt, Maryland. "For the universe as a whole, it could turn out there's just as much antimatter as matter."

The prophet of antimatter was Dr. Paul A.M. Dirac, a British physicist who in 1928, at the age of 26, predicted the existence of antiparticles. While pondering an equation describing the behavior of electrons, he realized it had positive and negative solutions. If the universe was symmetrical, and his deep sense of symmetry told him that it was, ordinary electrons, which have a negative charge, would have strange counterparts of the opposite charge.

No one had observed such particles. But in 1932 Dr. Carl Anderson, a 26-year-old physicist at the California Institute of Technology, came across odd streaks amid particle tracks in a cloud chamber. The paths looked exactly like those of electrons except they curved in the wrong direction. The antielectron, or positron, had been discovered.

In 1933, Dr. Dirac won the Nobel Prize in Physics for the accuracy of his intuition. In his acceptance speech, he elaborated on his vision and predicted the discovery of antiparticles and other types of antimatter particles, as well as antimatter stars. "We must regard it rather as an accident that the Earth (and presumably the whole solar system), contains a preponderance of negative electrons and positive protons," he told the Stockholm audience. "It is quite possible that for some of the stars it is the other way about."

Another of Dr. Dirac's predictions was confirmed in 1955 when Emilio Segre and Owen Chamberlain, physicists working



with a atom smasher at the University of California at Berkeley, slammed protons into special targets and afterward located a few traces of antiprotons. Later it turned out that the flash of energy created in many high-energy collisions condenses into a matching pair of matter-antimatter particles. The principle of such creation is described by Einstein's famous equation $E=mc^2$ — energy equals mass times the square of the speed of light.

For a long time, antimatter on Earth was so rare that its main forum was science fiction. In the "Star Trek" series, for example, the engines of the starship Enterprise were powered by antimatter. All that changed in 1962 as advances in magnets and other seemingly unrelated fields allowed physicists for the first time to make, capture, store and use antimatter for their experiments.

The breakthrough was made at the European Laboratory for Particle Physics, known as CERN, near Geneva. The key stride was a method to store antiprotons in

a large circular tube from which all air had been removed. The antiprotons, whirling through the tube at nearly the speed of light, were held in a powerful magnetic field that kept them from striking the sides. Physicists used the antiprotons in atom smashers to probe the atom. Last July they extended their success by trapping antiprotons in magnetic "bottles" and holding them motionless.

Scientists say strides in antimatter production and storage might eventually allow annihilation energy to be used for rockets and weapons.

Astronomers began to hunt for antimatter. Optical telescopes were no help in this search since antimatter stars would appear identical to those made of matter. Astronomers instead looked for subtle clues. In our Milky Way galaxy, they reasoned, collisions involving gas, dust, stars and planets made of antimatter would produce telltale bursts of gamma rays. The gamma rays would be unable to penetrate the Earth's atmosphere, but satellites in

IN BRIEF

Bacteria Strain Eats Toxic Chemicals

WASHINGTON (UPI) — Swiss biochemists have developed a method of artificially directing the evolution of bacteria so as to produce strains that can break down otherwise toxic synthetic chemicals. They have already created a strain of soil bacteria that eats and digests one toxic substance, 4-ethylbenzoate, that no previous bacteria would touch.

The scientists say similar bacterial strains could be developed to break down many different toxins and released into the environment to multiply and rid soil and water of dangerous pollutants.

The Swiss approach amounts to a laboratory method of doing quickly what happens slowly in nature. Most new synthetic chemicals that prove to be environmental threats are organic compounds. As such, they contain carbon and chemical energy that could act as food sources for bacteria if the molecule could be dismantled before its toxicity killed the bacterium.

'Not Now, Dear, I'll Get a Headache'

NEW YORK (UPI) — A Boston neurologist says headaches, long a classic excuse for avoiding sex with one's spouse, can actually be brought on by the rigors of intercourse. Sex-related headaches are suffered by an estimated 250,000 Americans, two-thirds of them men, Dr. Donald Johns of Massachusetts General Hospital, reported in *Discover* magazine.

Dr. Johns, a neurologist, said he is not sure what causes the migraine-like headaches, but believes the rise in blood pressure and heart rate that accompany orgasm may be a key factor. In some rare cases, the headaches may be caused by a tear in the spinal cord lining that leaks fluid and produces a drop in pressure around the brain after orgasm.

He said researchers used to believe sex-induced headaches were caused by stress, especially in extramarital affairs, or taxing positions.

Fruit, Vegetables May Cut Stroke Risk

BOSTON (Reuters) — An extra daily serving of fresh fruit or vegetables may sharply reduce the risk of dying from a stroke by 40 percent, U.S. and British researchers reported recently.

In a study published in the *New England Journal of Medicine*, the researchers said the extra potassium seemed to help regardless of a person's age, sex, weight, smoking habits, cholesterol levels or blood pressure, all factors in the risk of heart disease and stroke.

They also said a person with a diet rich in the mineral potassium is less likely to have a stroke, but it was not clear if diet was responsible.

Hormone, Breast Cancer Risk Linked

BOSTON (UPI) — Having a baby appears to permanently depress levels of a hormone in women, possibly explaining how becoming a mother early reduces the risk of developing breast cancer, researchers said recently in *The New England Journal of Medicine*.

The findings suggest the need to explore the possible benefits and safety of artificially suppressing the hormone in women who remain childless to decrease their chances of developing breast cancer, the scientists said. Previous studies have shown that women who have children before age 30 are about two-thirds less likely to develop breast cancer, which is second only to lung cancer as the leading cause of cancer death among American women.

"If you were trying to solve the problem of breast cancer, you would seem to be able to reduce the incidence by giving all the women a pill that would suppress their [hormone] levels," said Delwood C. Collins of Emory University School of Medicine in Atlanta.

Scientists to Protect Giant Tortoises

VICTORIA, Seychelles (UPI) — Two U.S. scientists have left for a 5-week expedition to the world's largest coral atoll on a culling mission to protect a rare colony of giant land tortoises.

Their task is to slaughter many of an estimated 2,000 wild goats crowding in on grazing for 150,000 tortoises — primary residents on the island of Aldabra and the globe's biggest concentration of the big reptiles. "The goats do severe ecological damage and in some cases can strip an island completely of vegetation, turning it into a desert," said Dirk Van Vuren, one of the two American experts, before leaving the Seychelles capital of Victoria for Aldabra last week.

Mr. Van Vuren, a biologist from Oregon State University, and his colleague Bruce Coblentz from Kansas State University, took high-powered hunting rifles on the 660-mile air-and-boat trip (1,100 kilometers) south to Aldabra from the main Seychelles island of Mahé.

Restoring Angkor Wat

By Sanjoy Hazarika
New York Times Service

NEW DELHI — Armed with chemical cleaners, preservatives and experience, a team of Indian archaeologists has begun restoring Angkor Wat, the ancient capital of Cambodia.

"Our approach is that the restored monuments should be complete in all respects — the landscaping, the structure and the monuments themselves," said Dr. M.S. Nagaraja Rao, India's former director general of archaeology, who has been in charge of the project. "If necessary, we will dismantle and rebuild those parts which are in bad shape."

Rao, who visited the 850-year-old Khmer capital last year and drew up plans to clean and repair it, says the job will take six to eight years because of the bad condition of the stone structures and because the country's hot, summer rainy season will prevent work six months a year.

Extending over an area of 40 square miles, the ruins contain some of the world's most imposing monuments. Angkor was abandoned as the Khmer capital in the 15th century in favor of Phnom Penh and the ruins were rediscovered by the French only in 1861.

Dr. Rao says he has set out four major tasks for this year for his team, which will include scores of Cambodian masons and workers.

The Indians plan to begin with the restoration of the main entrance to the enormous complex of temples, chapels and corridors. This entrance, with its carvings of mythological battles between gods and demons and depictions of life in paradise and hell as well as the Khmer court, is known as the Western Gate and is the largest of four gates. Its rows of windows with stone screens of turned balusters are now badly damaged — many of the slim pillars are broken, cracked or missing.

The second task is restructuring a battered building known as a library. The third phase will be the excavation of a pond and the fourth is setting stone steps leading to the moat on the left of the Western Gate.

Visitors to the site say that decades of civil strife under Pol Pot and continuing fighting between opponents and supporters of the current Vietnam-backed government have left few visible scars, although they say there are some bullet holes.

There is colossal damage but it is natural — cracked pillars and facades caused by water seepage, weathering and cracking of the stone in the tropical climate, over-



A relief in the ruins of Angkor Wat.

grown vegetation," said Krishna Murari Srivastava, who led the first Indian archaeological study team to Angkor in 1983. Dr. Srivastava said in an interview some figures on the walls have been completely washed away. "At places, the sandstone falls away like powder even to a mild touch."

The archaeologist added that the central complex was affected the worst by water seepage: entire pillars and sections of the stone floor have sunk into the ground. Insects have weakened the foundations of the pillars by burrowing into the earth and stone, while colonies of bats have dropped mounds of excreta on the floor and figures. The growth of moss, lichens and algae also hastened disfigurement.

In 1986, India and Cambodia signed an agreement authorizing Indian specialists to start the restoration. India is paying for the project but officials decline to give a figure on the cost. Sources close to the project say it will run into millions of dollars.

When Dr. Srivastava visited the complex in 1983, he asked one of his chemical experts to treat one of the apses — there are thousands of these graceful, celestial nymphs carved out of stone — and remove the stains caused by water discoloration.

Three years later, Dr. Rao visited the site and remarked on the figure that now glows seductively in contrast to the blackened walls and weathered sculptures near it. "We have the competence to make the entire place come alive and become

a great culture center again," Dr. Rao said.

The Cambodians gave the job to the Indians after turning down offers from France and Poland.

Indian experts say that some parts of the Angkor Wat complex must be dismantled and rebuilt, pillar by pillar, slab by slab, with cranes hoisting stone blocks and pillars while mechanical jacks push up the structure and allow engineers to re-levelling the foundations.

Angkor Wat was built by the Khmer monarch Suryavarman II in the 12th century. It has three concentric great enclosures, with the sanctuary, which could be visited only by the king and his inner circle, at the center of the last enclosure. There are four corridors of bas-relief nearly a mile (1.6 kilometers) long, while the central pyramid temple rises 215 feet (75 meters) from a rectangular base and is surrounded by four other temples.

The complex is approached by crossing a moat 660 feet wide. The stone causeway across the moat leads to the western entrance and is 50 feet wide. The road between the main gate and the second enclosure is a quarter mile long, 30 feet wide and raised 5 feet above ground level.

Throughout the complex are reminders of the close cultural relationship between India and Southeast Asia. Hindu myths, legends and events are depicted on the walls of the temples and the vast, roofed corridors that stretch for miles. Hindu princes, religious teachers and traders traveled to the Khmer kingdom and settled in the area.

The Khmers profited by the intercourse: they acquired knowledge of Sanskrit, astronomy, mathematics and technology and assimilated it into their culture, achieving a rare blend of traditions that is reflected in the grace and delicacy of the reliefs at Angkor. Hindu rituals were used at weddings, and the Hindu calendar was used to divide the year into seasons.

At the height of its power and splendor, the Khmer empire was larger than modern Cambodia. Fifty-four sovereigns ruled the empire between the first and 14th centuries. The Angkor period began about 802 and continued under 14 rulers over 327 years.

Angkor Wat's decline began after the 12th century with a drop in rice production and repeated attacks by Thais and Vietnamese. Finally, the capital moved to Phnom Penh and the stone temple cities in and around Angkor — some had existed before Suryavarman II began his work and a few were built elsewhere by his successors — were abandoned to the jungle.



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Herald Tribune

Published With The New York Times and The Washington Post

A Filipino Mandate

That gripping political drama in the Philippines continues to leave a world audience agape. Only last week President Corason Aquino was pursued by mutinous troops and leftist rioters. Egging them on from Hawaii were the Marcoses, waiting to be imported to return from exile once people glimpsed television pictures of the ex-president flexing his pectorals and his wife shopping for combat fatigues.

To the rescue came the Philippine people, by the tens of millions. They buried Mrs. Aquino's opponents in a plebiscite remarkable for its huge and peaceful turnout. Independent poll watchers expect nearly 80 percent approval for a constitution that gives Mrs. Aquino a six-year term, enshrines civil liberties and assures her adversaries the right to agitate against her, openly and peacefully, in a legislative election in May.

What also helped foil the Marcoses was a sound decision in Washington to ground the couple in Hawaii. Ferdinand Marcos complains that he is a "prisoner" because he cannot return to the Philippines without Washington's permission. Technically true, yet in a sense the United States is his prisoner; no other country wants him. If he and his wife persist in hatching conspiracies, violating their understanding with Washington, their haven will be at risk.

Now that the vote has legitimized Mrs. Aquino's rule, the drama takes a different turn. Inescapably, the theme of her first year has been survival. Now she needs to address the clamor for change that gave her power yet could quickly take it away. Reformers are all the more urgent, given the likely collapse of the shaky cease-fire in the 17-year war with Communist insurgents.

The question she needs to answer was put bluntly by Alberto Alvarez, president of a peasant association in Cavite, a town near Manila: "How can we have genuine land reform where the people making the laws are the landowners?" Part of her problem is financial. Some \$300 million is needed for cash compensation to owners of baronial plantations growing rice and corn. What could make the difference is enlightened support from the United States, directly and through multilateral lending agencies.

Washington has a vital stake in the stability and prosperity of a reborn democracy in this former colony. Americans are bound by history, trade and culture to a people who, as it happens, are landlords of the biggest U.S. military bases overseas. With this plebiscite Mrs. Aquino has stunned her extremist foes and won a massive mandate. She has to use it, or risk losing it.

—THE NEW YORK TIMES

Gambling on Brazil

Brazil got a big financial boost from the "Paris club" of creditor governments late last month. The creditors arranged for rescheduling \$4 billion in near-term payments, without requiring Brazil to reach a formal agreement with the International Monetary Fund. That spares a wobbly democratic government further democratic humiliation. But it also sets a questionable precedent for less creditworthy borrowers.

Brazil no longer generates hefty trade surpluses to finance its debts. The new agreement helps close the financing gap in exchange for what it describes as an "enhanced relationship" between Brazil and the IMF. Further rescheduling talks with private creditors, who hold most of Brazil's \$111 billion in foreign debt, begin soon. If capital-hungry Brazil wants to regain access to foreign resources, it will have to absorb the lessons of its recent mistakes.

The Brazilian economy is booming. Its annual growth rate, above 8 percent, is among the world's highest. Through year after year of such growth Brazil has become the non-Communist world's eighth-largest economic power. But this growth depends on continued foreign borrowing, which has been threatened by inflation. And despite the return of democratic government, its fruits continue to be very unevenly distributed. The government of President José Sarney has had to try, all at once, to improve the lot of the poor, consolidate support among working and middle classes and satisfy foreign creditors. This has dic-

ed expansion, with persistent high inflation. The "ouzo plan," begun last year, tried to square the circle, promising an end to inflation, continued domestic growth and no sacrifice in Brazil's capacity to service its debt. Key elements were a new currency, de-indexation of wages and a price freeze. Workers, who reaped immediate dividends in purchasing power, cheered. Business boomed. But export goods were sucked into the domestic market, accompanied by a tide of imports. The trade surplus eroded badly. Shortages sowed the seeds for a new inflationary surge once the price freeze was eased. Corrective action was delayed until after the ruling party won a landslide election victory in November.

Days later an adjustment package increased some sensitive prices by as much as 100 percent. Brazilians felt betrayed, unions announced strikes and riots briefly broke out. The government has yet to regain its balance. Meanwhile, statistics point to a return of triple-digit inflation and show no clear recovery in external accounts.

The Paris agreement acknowledges that the Third World debt crisis requires flexibility. It recognizes the continued underlying strength of Brazil's economy. It subsidizes strict standards of prudence to the consolidation of democratic rule. It is a constructive gamble, well worth making—but it may all turn into a loss unless the government translates its remaining political strength into lasting structural reforms.

—THE NEW YORK TIMES

Another World Record

It is another world record for the United States. Once again the country has rung up the largest annual trade deficit in economic history, exceeding by a comfortable margin, as they say on the sports pages, even last year's lamentable performance.

The deficit will improve—that is, shrink—this year because the dollar has been falling. But the turnaround has not happened yet. Don't be misled by preliminary numbers for December that the Commerce Department published last Friday. The preliminary figure for November was \$19.2 billion; the figure for December was \$10.7 billion. A dramatic drop? Unfortunately, no. Preliminary figures do not count the goods that came and went in the month, but rather the Customs documents processed during the month. The revisions try to sort out shipments by the months in which they actually moved, and that sky-high figure for November has now been revised down drastically. The low December deficit is very likely to be revised upward. For the past six months there has been no indication of a trend in any direction.

(These eccentric and misleading trade figures can do real harm. The November data set off a run on the dollar. The secretary of commerce, Malcolm Baldrige,

is considering a proposal to delay each month's figures a couple of weeks in order to reflect more accurately what is really happening. The right decision is obviously to favor statistical reporting that is more accurate. These data are too influential to be published in the present cuckoo form.)

There are several ways to measure the trade deficit, but the broadest is the current account balance. It includes not only goods but also services and investment income, and it represents the amount that the United States has to borrow to finance its overspending. For 1986 the current account deficit will turn out to have been about \$140 billion—another record, and another warning of dangerous instability.

In 1981, as the Reagan economic policies began to take effect, U.S. investments abroad were \$140 billion greater than foreign investments in the United States. Those foreign investments returned a steady stream of profits, which lifted U.S. income. Now, five years later, the investment balance is more than reversed. Foreign investments are currently larger by about \$250 billion. That is the net debt of the United States; two and a half times as big as Mexico's or Brazil's.

—THE WASHINGTON POST

Other Comment

Colombia Is Losing the War

Colombia is losing its war against illegal drug traffickers. Judges are being murdered at the rate of one a month. Three newspaper editors who crusaded against drug traffickers have been murdered, as have several top police officials. A former attorney general who was given an ambassadorial post behind the Iron Curtain to help protect him from retribution was tracked down in Hungary and killed by a hired gunman.

So rich and powerful have Colombia's drug lords become (they control an estimated 80 percent of the cocaine sold in the United States) that they have begun spending their ill-gotten gains to try to win support from Colombia's poor. They have built social centers, funded food programs and tried to run for public office, portraying

themselves as modern-day Robin Hoods. Some have gone so far as to suggest that they might repatriate the money that they have hidden in foreign banks to help bolster the Colombian economy—if the government of President Virgilio Barco lets up on the legal pressure that it has put on them.

Mr. Barco and many other honest officials have resisted all efforts by the drug lords to intimidate them or to seduce them with the fantastic wealth that their filthy trade produces. But the Colombians will not win their war on drugs by themselves. As in Mexico and Peru, prominent Colombian politicians are starting to ask why their nation should bear the pain of the drug war when the rich nation that consumes most of those illegal drugs is not doing enough to control the problem within its own borders.

—The Los Angeles Times

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92000 Neuilly-sur-Seine, France.
Tel. (1) 46 37 93 00 Telex: Advertising: 613595; Circulation: 612832; Editorial: 612718; Production: 630658.

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N.A. au capital de 1,200,000 F. RCS Nanterre B 33201126, Commission Paritaire No. 61337
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OPINION

Bungling in Washington Feeds Fantasies in Beirut

By William Pfaff

PARIS—Why stop taking hostages in Beirut? It works so well. It buys U.S. arms for Iran. It gets terrorists back from foreign prisons. According to Secretary of State George Shultz, Washington tried to get Kuwait to free 17 Shiite terrorists in exchange for American hostages. And Bonn has been wrestling over whether to trade Mohammed Ali Hamadeh, wanted for murder and air piracy by the United States, for German kidnappers in Beirut.

The latest seizures of American hostages came after an unnecessary White House statement on Jan. 23 that the United States condemns "Iranian seizure and occupation of Iraqi territory" in the Gulf war, and that it remains "strongly committed to supporting the individual and collective self-defense of our friends in the Gulf." An apologetic statement, you might think—although hypocritical in talking about "seizure" and "self-defense" when it was Iraq that started the war by unprovoked aggression against Iran.

But that White House statement surely fed the conviction, widely held in Tehran and Beirut, that America not only tries to manipulate the destinies of practically everyone and everything of consequence but also would enter the Gulf war if Iran continued to make progress against Iraq's defenses. A recent report that U.S. marines were positioned in Egypt, preparing to intervene, had to be denied by U.S. officials. The four professors kidnapped from Beirut University College—and possibly some of the others who have disappeared, including Terry Walcott—pay the price for this hysteria.

Fantasies in the Middle East are fed by U.S. officials who think it clever to send doctored intelligence to both sides in the

war, to dicker for hostages while denouncing allies who make deals, and to conduct U.S. policy by way of arms merchants, money-launderers and the international underworld.

American intervention in the Gulf war, nonetheless, is not a serious possibility. It is less of a possibility under the Reagan administration than it was under the Carter administration. Ronald Reagan and his people have repeatedly shown their commitment to high-publicity, low-action in any situation that might produce serious trouble. A commitment of U.S. troops to land war in the Mesopotamian valley and the marshes of southern Iraq would serve neither the political fortunes of the Republican Party nor the personal careers of those who launched such a move.

The error of this White House staff, as of its predecessor, is not that it fails to grasp that great events are under way in the Middle East, but that it underestimates what those events really mean. Washington holds an alarming geopolitical vision of the Soviet Union using Moslem terrorism to dominate the Middle East, seize its oil, rule the trade routes of the Gulf, the Red Sea, the Indian Ocean, and so on. This is the sort of thinking that comes from too many people writing "scenarios" in too many think tanks and war colleges.

The integral religious upheaval in Iran may spread itself to the rest of the world. As many fear, it might also spill out of the Shiite community into the larger Islamic world. It is a movement that directly reacts to the humiliating traumas suffered by Moslems in the 19th and 20th centuries—loss of

empire, failure to compete with the Western world on Western terms, the series of defeats administered to them by Israel, and the attacks upon them by the United States.

Islamic integritism, however, is a religious movement about which the United States can do virtually nothing. It also is something about which America, were it wise, could afford a certain detachment. It is their business, first of all. It is fundamentally hostile to Marxism and a threat to the Soviet Union, which has a large Moslem minority. It threatens Israel, certainly, but perhaps no more seriously than Israel is threatened by radicalized secular Arab governments.

George Orwell said in the early 1940s: "The energy that actually shapes the world springs from emotions—racial pride, leader-worship, religious belief, love of war—such liberal intellectuals mechanically write off as anachronisms." He was referring not simply to political liberals (who in Britain are not called "liberals") but to secular intellectuals, the mainstream intelligentsia of the West.

The wealth of the West has tended to cut it off from recognition of the darker forces at work in society. Modern Americans have too comfortably identified their enemies with the Soviet Union and international communism. This is comfortable because against the Communists one has missiles and bombers, but it is escapism. Forces like those at work in Middle Eastern religion are what really shape and reshape human society. To respond adequately demands qualities of historical insight and political restraint that have come to count for little in modern American government.

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To Algiers With 26 Barrels of Blackmail Dollars

By Haynes Johnson



The Price Keeps Going Up

THE rash of kidnappings in Lebanon are the tragic farce of President Reagan's folly in seeking to ransom earlier hostages. By giving in to Iranian-guided terrorists, he told the world that U.S. policy could be manipulated by whoever seizes U.S. citizens. Many Americans are angry with the victims, but that misses the point. Others can be taken in other parts of the world. Paying ransom is open-ended. The process keeps pushing up the price, and there is no end to it.

—Syndicated columnist Jim Fain

WASHINGTON—Three days after Christmas in 1790, when the United States was young and innocent of world affairs, the secretary of state, "having had under consideration the situation of the citizens of the United States in captivity," drafted the following report to the president:

"When the House of Representatives, at their last session, were pleased to refer to the secretary of state the petition of our citizens in captivity at Algiers, there still existed some expectation that certain measures which had been employed to effect their redemption, the success of which depended on their secrecy, might prove effectual.

"Information received during the recess of Congress has so far weakened those expectations as to make it now a duty to lay before the president... a full statement of what has been attempted for the release of these our suffering citizens... that he may be enabled to decide what further is to be done."

"On the 25th of July, 1793, the schooner Maria, Captain Stevens, belonging to a Mr. Foster of Boston, was taken off Cape St. Vincent by an Algerine corsair; and, five days afterwards, the ship Dauphin, Captain O'Brien, belonging to Messrs. Irvin of Philadelphia, was taken by another Algerine about 50 leagues westward of Lisbon. These vessels, with their cargoes and crews, 21 persons in number, were carried into Algiers.

The secretary of state proceeded to lay out

a story of secret diplomacy complete with secret agents, midnight deposits of cash in Paris bank accounts and ransom negotiations by emissaries who, "while sitting thus far without authority, thought themselves bound to offer a price so moderate as not to be disapproved"—all of which was undertaken to secure release of the American hostages.

That effort culminated in an American agent offering the captors ransom of \$200 per hostage, "something less than had been just before paid for about 300 French captives." Believing that a deal had been struck, he proceeded to close it. The secretary of state then described the results: "On the arrival of the agent at Algiers, the Dey demanded \$59,496 for the 21 captives and could be brought to accept but little from that demand. The agent, therefore, returned in 1796 without having effected either peace or ransom."

Thus did Secretary of State Thomas Jefferson describe to President George Washington the events that led to one of the most humiliating episodes in American history: the paying of tribute to outlaws who held sway along the Mediterranean coast.

Thomas Bailey writes in his classic "Diplomatic History of the American People":

"Washington and Adams had been forced to endure the humiliation of purchasing treas-

ties with three of the North African states, and of sending them hundreds of thousands of dollars of protection money (resents). Ironically enough, at almost the very time when the citizens of the republic were shouting themselves hoarse with the slogan 'Millions for defense but not one cent for tribute,' an American ship arrived at Algiers with 26 barrels of blackmail dollars."

That condition continued until Jefferson became president and confronted another crisis involving contemptuous demands from the so-called Barbary pirates.

Jefferson, a presumed pacifist who disliked the navy, sent warships and marines to the Mediterranean. Dictating at cannon's mouth, America won satisfactory treaties from the pirate states. The historian records: "Jefferson's courageous action inaugurated a policy that freed American commerce, strengthened American nationality and awakened a new respect for the United States."

What? When confronted with hostage-takers and terrorists, American presidents might recall the old lesson that paying off bandits to free hostages guarantees more hostage-taking and greater demands for more ransom. Instead of carrying cakes to pirates and shipping missiles to terrorists, make those outlaws understand that there will be no deals, no relationships, no negotiations, no tributes and no private policy of appeasement.

The Washington Post

China Is Steaming Upstream

By Joel Kotkin

This is the second of two articles.

WASHINGTON—Nowhere has China's gravitational tug become stronger than in Hong Kong, where a prototypical manufacturing platform is now being rapidly transformed into a technical, design and service center. From 1978 to 1985, Hong Kong's domestic exports to China jumped 14-fold, with re-exports multiplying 131 times. As a result, the mainland is now Hong Kong's second most important trading partner after the United States.

And the aggressive Hong Kong entrepreneurs regard reunification with China, scheduled for 1997, as the basis for their own move into higher-value products and services.

Take the garment and textile industries, now the source of more than 40 percent of Hong Kong's industrial employment and export. For decades the bargain basements of America have been stocked with clothes labeled "Made in Hong Kong." Today it is just as likely that those garments were made in China, where labor rates are as little as one-third those of the British crown colony.

Many of these Chinese factories were started in collaboration with Hong Kong manufacturers, financed through Hong Kong banks and sold through Hong Kong agents. By some accounts, Hong Kong today is the source for roughly 60 percent of the direct foreign investment in China.

While Chinese manufacturers are moving into the low end of the garment trade, Hong Kong is moving

upscale, manufacturing high fashion for the likes of Giorgio Armani, Abercrombie & Fitch and Christian Dior. And, like Japan in the late 1970s, it is also developing its own fashion designers and stylists.

Eddie Lau is one of them. He left school at 13 to work in a garment factory. By his early 20s he was designing and sewing clothes for Hong Kong's secretaries. Now 34, he designs high-fashion clothes, manufactured in local factories, for trendy boutiques as far away as Europe and Japan. Increasingly his most important client is the Chinese government, which is seeking to develop an original look for its own garment industry.

"Together, Hong Kong and China will emerge as the new fashion center," said Mr. Lau. "When China takes over, we will have an identity to match with our skills. China will need designers to reach out to the world, and they will find them here."

As with garments, so too technology. Hong Kong's electronics manufacturers see China as the natural base for their own move into higher-value production and services.

"We are perfectly placed to provide the interface between China and the West," said Stephen Cheong, one of Hong Kong's leading political figures. "For 30 years, we have developed and absorbed modern technol-

ogy while China was out of. Now we have the educated people, the technicians and the managers to tap China's resources and markets."

Mr. Cheong and an associate are building a factory in Dongguan in South China to produce laminates for printed-circuit boards. When it is completed early this year, it will give the People's Republic a capacity to produce materials for printed-circuit boards that meet IBM's standards. China and its Hong Kong partners will gain entry to a potential \$300 million market in the Far East alone.

The Chinese are sensitive to issues of economic imperialism, especially from Japan and the West. In the short run, their new entrepreneurial managers will probably be content to offer a manufacturing platform for more developed trading partners in Asia and the West. But, like the entrepreneurs of Singapore and Hong Kong, they look confidently to the day when the Chinese will design, develop and market their own product lines—for internal consumption and eventually for export. "We will start with just the assembly, the simple part," said Wang Guorun, vice mayor of Dongguan. "Then we will move on. We are building the firm foundation for a major electronics industry here. We want to produce it and design it all right here."

The writer covers the Pacific Rim for Inc. Magazine; from which this comment was adapted by The Washington Post.

Japanese Cars Are Filling Detroit's 'Creativity Gap'

By Hobart Rowen

WASHINGTON—Japan's announcement that it will continue its "voluntary" quota on auto exports to the United States at 2.3 million vehicles for another year was greeted in Detroit as "an empty gesture." The announcement and the action were predictable. The quota restraints, first imposed in 1981, generated huge profits for the major Japanese automakers by allowing them to raise prices without fear of competition from the big three in Detroit. And the quotas enabled the American companies to boost sales and profits, even though they have not been able to keep pace with advancing Japanese technology.

The quotas work out to be a wonderful cartel instrument for the big boys in Tokyo and Detroit. It is only the consumer who gets shortchanged.

What Detroit would have liked, as Ford's President Harold Poole said, was a reduction in the quotas from 2.3 to 2 million. That would have tipped some business from Tokyo to Detroit, helping General Motors, Ford and the others to sell more cars without making them much better. Detroit will eventually have to learn to make cars that sell on their own merit and not because a better or more attractive product is verboten.

Douglas Fraser, then president of the United Auto Workers, argued in the early '80s that if the Japanese wanted to sell cars in America they should "come over here and produce them here!" One result of the quotas has been just that: By 1990, Japanese-run U.S. assembly lines will be turning out 2 million units a year.

By that time, says Peter J. Jacullo, vice president of the Boston Consulting Company, American auto giants will be in "an unprecedented competitive confrontation." He expects a surplus in U.S.-based auto capacity (even assuming more American plant closings), forcing a price decline of perhaps \$1,000 for a compact car.

In a letter to The Wall Street Journal, Mr. Jacullo said Japanese facilities "command a 15 percent cost advantage based on superior manage-

ment alone." This advantage "is not simply the result of the just-in-time inventory system and labor relations, but rather of synchronous manufacturing systems that have been successfully transplanted to Japanese plants in the United States."

In plain words, the Japanese are able to build cars in America, with American labor, and build them better and cheaper than the old-line companies in Detroit, because they have superior management. So much for the "level playing field" demanded by Chrysler's Lee Iacocca, who in due time may be seeking one tilted in favor of Detroit. How about a "voluntary" quota on cars shipped from Tennessee (Nissan) and Ohio (Honda) to the rest of the 48 states?

To maintain profitability, and to contest the upscale product mix of the Japanese companies, the big three may have to yield a further share of the total market. They will have to make additional deals with Japanese, South Korean and other foreign producers so as to concentrate on the medium and larger cars where the bigger money is. That suggests a further winnowing-down of the size and importance of the U.S. auto industry.

It is a decline that has been in the making for a long time. James Abegglen, in "Kaisha, the Japanese Corporation," observed that by spending about 40 percent more on research and development than most American companies, Japan has been rapidly closing the "creativity gap" that gave them permanent protection.

Mr. Abegglen points out that the Japanese are selling cars with four-valve engines, electronically controlled suspensions, ceramic engine components, turbochargers with intercoolers, lightweight nonmetallic body panels and synthesized-voice hazard and diagnostic warnings. Ask about this in Detroit, and they tell you they have the technology and could do the same things but are waiting to "leapfrog" the Japanese. It sounds like whistling in the dark.

The Washington Post

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Parachutist Dies

PARIS—To the annals of the early martyrs to the cause of aviation is added yet another name, François Reichelt, a tailor, who had never made an ascent in either balloon or aeroplane. [On Feb. 4] he was the victim of an invention over which he had worked and worked for years—a parachute that he had hoped would save many an aviator's life, but which in its first descent with human freight cost the life of its inventor. With only a newspaper correspondent and a photographer as an audience, Mr. Reichelt leapt from the first platform of the Eiffel Tower to his death. The parachute, to which he had trusted his life, never even opened. Two or three times within the past few weeks Mr. Reichelt had experimented with his invention by jumping from a height of a few metres. Each time he fell to the ground like a stone.

1937: Trade Complaints

WASHINGTON—The proposal to extend the President's power to negotiate reciprocal trade pacts resulted in a sharp Republican attack in the House [on Feb. 4]. Representative Francis D. Cushman, Republican of New York, charged that Secretary of State Cordell Hull and Assistant Secretary of State Francis B. Sayre were handling trade negotiations with "a complete contempt for Congress." He charged Secretary Hull with "being impatient and unmanly under fire. He seems to regard Congress as a logrolling, venal body incapable of intelligent action." Democratic speakers stressed the fact that trade had increased under the reciprocal pacts, against which the Republicans argued that imports had increased more than exports and that foreign nations had benefited from the pacts more than the United States.

OPINION

Perle Does Well to Knock Mealy-mouthing in NATO

By George F. Will

WASHINGTON — It is said that "nice doggie" while reaching for a rock. Recently in Munich, Richard Perle, U.S. assistant secretary of defense, abandoned diplomacy as usually understood, and pelted NATO's member governments with heavy rocks. For that, Perle should be summarily decorated.

He informed the allies that their shortcomings include an addiction to "mealy-mouthed" pronouncements that are symptomatic of political cowardice. He also said they are guilty of a "failure of forthrightness," "a voice of murmuring that pass for alliance statements."

The NATO communiqué became a flavorless and untruthful pudding.

fostering a climate in which "realism" is subordinated to hope and policy is shaped by fear, using "halfhearted euphemisms" regarding Soviet noncompliance with agreements, covering "behind" and oblique formulations so as not to offend the sensitivities of our enemies or the prevailing wisdom of our editorial writers, conducting a "charade" that permits Soviet propaganda to succeed, issuing "misty blandishments."

Mr. Perle began by illustrating the alliance's impulse "to paper over differences, avoid controversy, placate public opinion and round all corners and smooth all sharp edges as though we were designing a Stealth airplane rather than declaring our most fundamental convictions." Recently the United States proposed that NATO say that Mikhail Gorbachev would forfeit his credibility if, having promised otherwise, he continued to hold an agreement on intermediate-range missiles hostage to an agreement on strategic defense. Another NATO country's representative said: "You can't say that."

Other fellow: "If it isn't done. You don't say in a NATO communiqué that Gorbachev has lied."

The communiqué became a flavorless — and untruthful — pudding.

NATO has responded cravenly, Mr. Perle says, to the Soviet call for an end to all nuclear testing. Without testing, confidence in the nuclear inventory would decline and there would be no more of the modernization that has reduced the number and yield of weapons in the stockpile. However, rather than explain the need for testing, NATO governments have "hidden behind" the peripheral issue of ratification, refusing to argue what they privately acknowledge: the necessity for and benefits of testing.

Or consider NATO's lame response to the Soviet call for a ban on chemical weapons. The Soviets possess them in quantity, have specialized military academies for the study of their use, train for their use and equip their troops to fight in the midst of such weapons. Most NATO countries have no such weapons. The United States has not produced a new or modernized chemical weapon in 18 years. Production has been delayed as Congress hopes for an arms control agreement that would obviate NATO's need for chemical weapons.

But NATO's emphasis on verification of a chemical weapons ban is a dodge. Says Mr. Perle, "The unhappy fact is that ordinary chemical plants could be converted for the production of lethal agents in a matter of weeks," given advance planning. Such planning would, of course, be undetectable. No NATO country could make even precautionary production plans after signing a ban on chemical weapons. Yet NATO governments do not put before their publics the hard facts about chemical weapons, or about Soviet cheating on agreements.

NATO speaks of "serious concerns," but Mr. Perle says: "Nowhere have I been able to find a statement deploring the fact that the Soviets have been cheating. It is as though the words 'violation' and 'cheating' cannot be said in well-mannered company." NATO governments find it easier to distance themselves from U.S. responses to Soviet cheating — such as abandonment of SALT-2 limits — than to condemn the cheating. Thus NATO governments make U.S. responses seem explicable.

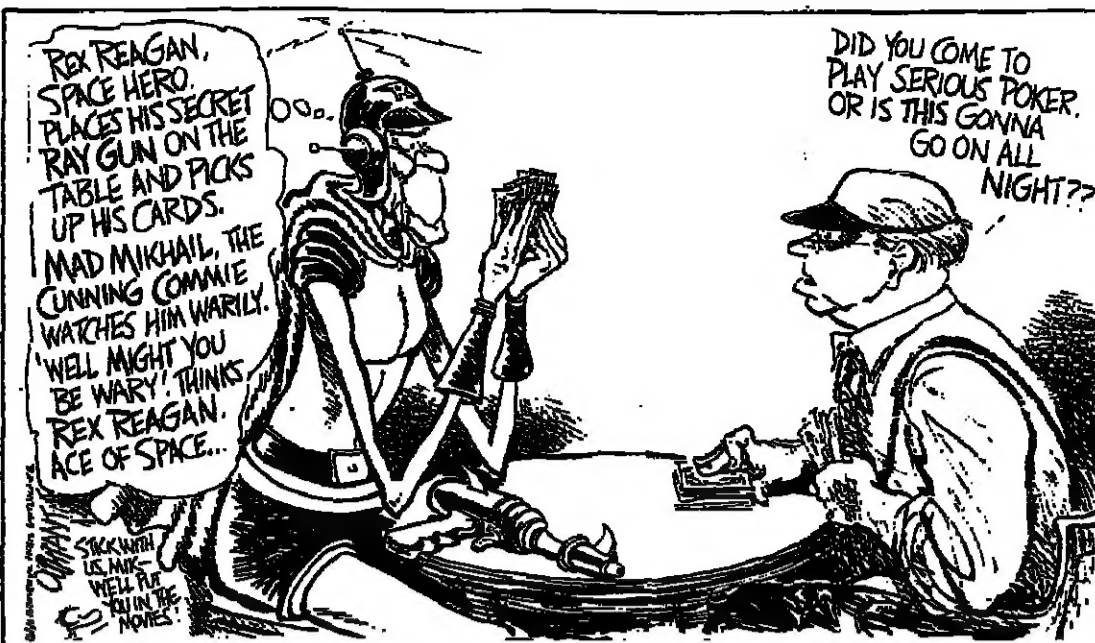
Mr. Perle's most scathing remarks were reserved for the "absurd," "idle" and "dangerous" talk about a nuclear-free world — the sort of talk that Ronald Reagan has engaged in at the Iceland summit and elsewhere.

Mr. Perle says, "The verification of an agreement to abolish all nuclear weapons is not difficult, or very difficult: It is impossible." So, "What Western leader would turn in his country's last remaining nuclear weapons on the strength of assurances — mere words — that the Soviets had done the same?" As governments tacitly accept the idea of a nuclear-free world, the weapons on which deterrence must rest are stigmatized.

NATO representatives at the Munich meeting were indignant that Mr. Perle had injected a foreign substance, truth, into the proceedings. The White House rushed to say that Mr. Perle was not speaking for the president.

He may soon leave the administration, thereby reducing by about 85 percent its tang and wisdom regarding arms control. Mr. Perle is undisciplined, opinionated, eloquent, principled, disdainful of decorum — all the things that governments find indigestible and that Americans should consider indispensable.

Washington Post Writers Group.



	Vol.	High	Low	Last
Wicken	30111	47 1/2	39 1/2	44 1/2
WorWor	15126	39 1/2	34 1/2	35 1/2
BAT	9999	7 1/2	7 1/2	7 1/2
Amtech	7419	34 1/2	33 1/2	34 1/2
Lifetime	4994	21 1/2	20 1/2	21 1/2
Yeador	4551	57	44 1/2	46 1/2
WolPak	4054	27	25 1/2	26 1/2
PoliPro	3781	19	18 1/2	19 1/2
Am Int'l	3980	3 1/2	3 1/2	3 1/2
Am Int'l	3159	31	29 1/2	30 1/2
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BUSINESS ROUNDUP

4 USX Steel Plants to Remain Idle

The Associated Press
PITTSBURGH — USX Corp. said Wednesday that four steel plants, employing 3,700 people, will remain idle indefinitely because of the six-month work stoppage by the United Steelworkers union ended Saturday.

David M. Roderick, the chairman of USX, said the cost of restarting equipment was a large factor in not resuming production at plants in Oregon, Utah; Baytown, Texas; McKeesport, Pennsylvania, and nearby Saxonyburg.

Mr. Roderick said the company had warned that this might be necessary before 22,000 union members walked off the job Aug. 1.

The cutbacks will trim the steel-making capacity of USX from 26 million tons (23.4 metric tons) a year to 19 million tons.

"The more excess capacity that gets out of the market, the more into balance," Mr. Roderick said at the quarterly news conference the largest U.S. steelmaker holds.

He claimed that USX would regain its 17 percent share of the U.S. market now that work was being resumed after ratification of a four-year contract.

Mr. Roderick denied a published report that USX had offered to repurchase the 29.3 million shares of common stock held by Carl C. Icahn, the New York investor. Mr. Roderick repeated his vow that USX would not pay "greenmail" for the stock.

Mr. Roderick said USX foresees some improvement in the depressed natural gas market this year. Oil and gas, representing two-thirds of USX's annual sales, posted operating income of only \$42 million in 1986, down from \$1.64 billion the year before.

The equally depressed steel market will continue to decline, he predicted, with 1987 shipments down by 2 million or 3 million tons to the mid- or low-60s this year.

Restructuring costs, charges for closing plants and oil inventory write-downs contributed \$1.5 billion to a \$1.83 billion loss last year. Mr. Roderick said those changes would improve pretax income by \$600 million per year or more.

He said USX would create a free-standing subsidiary of its steel division sometime this year. That will enable USX to pursue discussions of a possible joint venture or a stock spin-off of its steel business.

MCA Buys Stake In Toy Maker

New York Times Service
NEW YORK — MCA Inc., parent of Universal Pictures and Universal Television, has bought 9 percent of Coleco Industries, the third-largest U.S. toy maker, for \$20 million.

MCA said it had bought the stock for investment purposes only and that it would not buy any more shares without Coleco's permission for eight years. But one media executive said Tuesday that "it seemed unlikely they would not ultimately try to buy the whole company."

Coleco, hurt by sagging sales of its Cabbage Patch Kid dolls, has forecast a "very large loss" for the fourth quarter and 1986.

16-Megabit Chip's Unveiling Expected

The Associated Press
NEW YORK — Nippon Telegraph & Telephone Corp. plans to announce this month that it has made a major advance in developing a memory chip that is two generations ahead of the most sophisticated chips now commercially available, according to business sources.

Details of NTT's progress on the 16-megabit memory chip will be revealed Feb. 25 in New York at the annual International Solid State Circuits Conference, the conference organizer, Lewis Winner, said Tuesday.

An NTT spokesman said the company would not comment before the conference.

Although a 16-megabit dynamic random access memory (DRAM) chip is not likely to reach the market for several years, NTT's prototype is still a significant advance and a competitive advantage for the Japanese telecommunications company.

NTT does not make chips itself, but licenses its technology to companies that manufacture semiconductors.

The United States has lost more than 90 percent of the memory chip market to Japan. U.S. chip makers had hoped to get back into the race by skipping ahead to more advanced generations of chips, but NTT's advance seems to have put that strategy in jeopardy.

"It's an important scientific product," said Philip Goodman, an analyst for Duff and Phelps Inc. in Chicago. He added, though, that

"it doesn't take brilliance to develop this thing. It's just a matter of slugging away and making things smaller and smaller."

A 16-megabit memory chip can hold 16 million bits of information at a time, or roughly 700 pages of English text. That is 16 times the capacity of the 1-megabit chip, which is just beginning to be mass produced this year.

Between the 1-megabit and the 16-megabit is the 4-megabit chip. Texas Instruments Inc. of Dallas, which claims to have been the first to develop a working model of the 4-megabit chip, announced it at last year's conference.

A Texas Instruments spokesman said Tuesday his company does not have a working model of a 16-

Electronic Data, Olivetti Form a Computer Venture

The Associated Press
DETROIT — Electronic Data Systems Corp. and Olivetti & Co. have formed a joint-venture company to offer computerized engineering and manufacturing systems in Europe, the companies announced.

The new company, based in Milan, will be called Integrated Systems Management, the parent companies said Tuesday in a statement. Each will hold a 50 percent interest in the venture.

The companies estimated that the market would be worth \$15 billion by 1990.

Olivetti, which employs 50,000 people, is a leading producer of information-technology systems and the leading European manufacturer of professional personal computers.

EDS, based in Dallas, is the world's largest computer services company, with 45,000 employees in 24 countries. It was founded by H. Ross Perot and acquired by General Motors Corp. for \$2.55 billion in 1984.

BUSINESS PEOPLE

Xerox Shuffles Its Insurance Unit

By Arthur Higbee
International Herald Tribune
Xerox Corp. has announced a management reorganization at Crum & Forster Inc., its insurance subsidiary, starting with Sidney F. Wentz, who was promoted to chairman and chief executive from president and chief operating officer.

Mr. Wentz, 54, replaces Melvin Howard, 52, chairman and chief executive of Xerox Financial Services Co., who relinquished his positions as chairman and chief executive of Crum & Forster.

In addition, Robert J. Vairo, 56, succeeds Mr. Wentz as president and chief operating officer. He was head of Crum & Forster Underwriting Group, which writes commercial insurance.

Mr. Howard, who is a vice chairman of Xerox in addition to his other duties, will remain with Crum & Forster as chairman of the executive committee.

Mr. Howard pointed out that he had been serving in two areas—in financial services and insurance. He told The New York Times that "it was our view" that he should "be able to devote more time to financial services."

Xerox's financial services, with headquarters in Morris Township, New Jersey, include leasing, investment banking and joint ventures.

Xerox said John J. McGinley, 51, Crum & Forster's vice chairman and chief financial officer, would return to Xerox headquarters in Stamford, Connecticut, in a senior management post.

Crum & Forster had suffered along with the rest of the property and casualty insurance industry in recent years. Two years ago, the insurance unit turned around, and

Shamrock Picks Veteran Oilmen

New York Times Service
NEW YORK — The men named this week by Diamond Shamrock Corp. to head the two companies into which it intends to break itself are relatively new to Shamrock but long on experience. The split is designed to resist a takeover bid led by T. Boone Pickens.

Charles L. Blackburn, 59, after 34 years at Shell, came to Shamrock in Dallas last fall to run exploration and production. He was named corporate president and chief executive Sunday, and will become chairman, succeeding William H. Bricker in all three posts, after the spinoff is completed. Mr. Bricker, 55, is retiring.

Roger B. Hemmingshaus, 50, with 14 years at Exxon, will continue to run spin-off refining and marketing unit.

ment stores of California, and that other changes were possible. It did not elaborate. Robinson was one of the chains May acquired last year when it purchased Associated Dry Goods Corp. of New York. May said Mr. Roach, 43, would be replaced at Robinson by Robert L. Mettler, 46, who runs a chain of May stores in Indianapolis.

The Brazilian Coffee Institute in Brasilia said Jorio Dauster, a career diplomat, had been nominated as its president by the Ministry of Industry and Commerce, replacing Paulo Graçiano, who has resigned. Mr. Dauster, 50, an economist with more than 20 years of experience in negotiating world coffee agreements, currently heads the institute's London office. Antonio Manuel de Carvalho, head of the Santos Coffee Association, said the appointment of Mr. Dauster would strengthen Brazil's voice in international debate over the re-introduction of export quotas for each country.

Gilson Greeting Inc. of Cincinnati has given its president, Benjamin J. Sotile, 47, the additional title of chief executive officer, succeeding Thomas M. Cooney, who will be 61 on Saturday, and who remains chairman.

Morgan Guaranty Trust Co. of New York has promoted Thomas B. Ketchum to senior vice president. Mr. Ketchum, 36, who moves up from general manager of Morgan's Hong Kong office, will remain there, with responsibility for all of the bank's business in the Asia-Pacific area except Japan. He succeeds James H. Higgins 3d, 38, who has been transferred to Morgan Guaranty's mergers and acquisitions group in New York.

Cars From Romania May Be Sold in U.S.

Reuters
LAS VEGAS — A new auto company plans to import low-cost cars, trucks and utility vehicles from Romania to the United States this year. It would mark the first sale of vehicles from a Warsaw Pact nation in this country.

Roman Motor Corp. of Miami disclosed its plans to car dealers at a convention in Las Vegas. The vehicles from the Romanian government car concern, Auto Dacia, would join a crowded field of imports from less-developed nations.

Romania has been regarded for some time as a potential source of cars for the United States because of the Communist nation's low wages and manufacturing costs and the growth in the market for inexpensive cars from such sources as South Korea, Brazil and Yugoslavia.

Roman is "looking at used car owners who want a new car but can't afford a \$12,000 price," said Ronald Joseph, an assistant to Roman Motor's president, John Trotman. Mr. Trotman is a former executive for a Subaru distribution affiliate in the Northeast.

The new vehicles, based on models manufactured in Romania, range from a three-door hatchback with a 1.3-liter engine called the Olcit that is priced at \$3,980, to a four-wheel-drive wagon with a 2.4-liter engine known as the Aro 4x4, priced at \$8,406.

The four-door Dacia sedan would have a port-of-entry price of around \$4,300, officials said.

The Olcit would carry the lowest base cost of any new car in the United States, undercutting the Yugo GV by \$10.

The vehicles have not yet received federal regulatory approval as meeting U.S. safety and pollution standards.

Roman Motor is awaiting a first small shipment of vehicles from Romania in the spring, spokesmen said. The company expects that about 30,000 vehicles will be offered for sale in the first 12 months, at first in the Northeast and South.

The vehicles will be imported under an arrangement involving Marlex of France and Svetec of Switzerland, which act as distribution agents for Romanian exports, spokesmen said.

Dresdner Bank Raises Stake In Metallgesellschaft to 33%

Reuters
FRANKFURT — Dresdner Bank AG has doubled its stake in Metallgesellschaft AG to 33 percent by assuming full ownership of a holding company, BMW Gesellschaft für Metallwerke, a bank spokesman said Wednesday.

Dresdner raised its share in BMW from 50 percent by buying the half previously owned by Afro American Investment Holding Co., based in the Cayman Islands.

A spokesman for the West German Federal Cartel Office said Dresdner applied for approval Tuesday to raise its stake in Metallgesellschaft, the metal and mineral company, which he said indicated that the bank intended to hold the shares for longer than one year.

He said approval was required for holdings of more than 25 percent. A bank may hold more for up to a year, but must obtain approval if it wants to hold it longer or to exercise voting rights. A decision from the Cartel Office is expected in a few months.

COMPANY NOTES

Benetton SPA, the Italian clothing group, said it plans to issue U.S. depository receipts, probably within a month, as a preliminary step toward an equity offering and stock market listing in the United States in 1988.

Chabir Corp. of the United States said it had raised its stake in Atlantic Research Corp. to 13.3 percent, by buying 100,000 common shares between Jan. 28 and Jan. 30, and that it had started a legal challenge to Atlantic Research's agreement to buy Ori Group Inc. for \$58.2 million.

Columbia Pictures Industries Inc., a subsidiary of Coca-Cola Co., said it had bought the privately held Al Gallico Music Corp., whose copyrights emphasize country-oriented music and rock'n'roll classics. Terms were not disclosed.

Combustion Engineering Inc. of Stamford, Connecticut, said it had signed a letter of intent to establish a joint venture to improve industrial productivity and production facilities for processing oil and petrochemicals in the Soviet Union.

Derby Refining Co., a subsidiary of Coastal Corp., said it was suspending operations at its El Dorado, Kansas, refinery because of the U.S. government's failure to set a floor price for crude oil and impose tariffs on refined product imports.

Cie. de Fives-Lille, the French machinery and industrial equipment manufacturer, said it intended to acquire Stein Heurley SA, the industrial furnace manufacturing subsidiary of Midland-Ross Corp. of the United States.

Isuzu Motors Ltd. and Lotus Car Cos. of Britain have a 10-year agreement for Isuzu to supply components, including engines, for new Lotus sports cars, while Lotus will provide suspension tuning technology to Isuzu.

Johnson & Johnson, the U.S. pharmaceutical and medical equipment company, said unexpected costs from the sale of its diagnostic imaging business, completed last August, would result in an additional \$45 million after-tax charge against fourth-quarter earnings.

MARKET: Chances of a Crash?

(Continued from first finance page)
The current bull market, the Dow has risen by about 180 percent.

The market of 1928-29 was characterized by excessive speculation, based on the public's assumption that stock prices would continue to head up; the ability to buy stock on very low down payment, or margin, meaning that more have moved to stock index futures. These instruments are, in essence, bets on the course of certain widely followed stock indexes over a fixed period of time.

The futures play a big role in program trading, the computerized process by which large investors buy and sell millions of dollars in stocks based on whether the price of a future has moved higher or lower than the corresponding index.

Some analysts believe that the rapid innovations in the financial markets of the past few years may be allowing similar speculation to take place under novel guises.

"When they invented stock options," which were first traded in

1973, "they took away some of the speculative action from the American Stock Exchange," said William M. LeFevre, market strategist for Advent, an investment concern based in Hartford, Connecticut. "People who used to speculate by buying a \$2 stock are now buying a \$2 option."

People who want to speculate even more have moved to stock index futures. These instruments are, in essence, bets on the course of certain widely followed stock indexes over a fixed period of time.

The futures play a big role in program trading, the computerized process by which large investors buy and sell millions of dollars in stocks based on whether the price of a future has moved higher or lower than the corresponding index.

ADVERTISEMENT

MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.

CDR's

The undersigned announces that the 70th ordinary general meeting of shareholders will be held on February 19, 1987 in Osaka, Japan.

At this meeting the Company proposes to change the fiscal year from November 30 to March 31.

The agenda of this meeting is available for inspection at the office of the undersigned.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, 27th January, 1987.

ADVERTISEMENT

CHAMPION INTERNATIONAL CORPORATION

CDR's

The undersigned announces that as from 16th February, 1987 at Koo-Associates N.V., Spoorstraat 122, Amsterdam, div. no. 55 of the CDRs Champion International Corporation (Champion) will be payable with Dfls. 2.18 net (div. per record-date 17.12.1986; gross \$13 p.s.h.) after deduction of 15% U.S.A.-tax = \$1.95 = Dfls. 2.09 per CDR.

Div. cpa. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% U.S.A.-tax (= \$1.95 = Dfls. 2.09) with Dfls. 1.79 net.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, 29th January, 1987.

One of the year's biggest investment stories needs no enlargement.

Earnings from continuing operations: up 51%. Earnings per share: up 70%. Revenues: up 14%. And those numbers are just the tip of the Gulf+Western story for fiscal 1986.

The quarterly cash dividend also increased: up 33% to 30 cents per share.

Since 1982, Gulf+Western shares have appreciated 300%. (During the same period, the S&P 500

REPORTED EARNINGS			
	1985	1986	% Chg.
Operating income	\$1,200,000	\$1,800,000	50%
Income before taxes	\$1,100,000	\$1,700,000	55%
Income taxes	\$100,000	\$100,000	0%
Income after taxes	\$1,000,000	\$1,600,000	60%
Income per share	\$1.00	\$1.60	60%
Operating income per share	\$1.20	\$1.80	50%
Income before taxes per share	\$1.10	\$1.70	55%
Income taxes per share	\$0.10	\$0.10	0%
Income after taxes per share	\$1.00	\$1.60	60%

transformation of a company—and an unwavering commitment to enhancing shareholder values.

The old Gulf+Western—1982 version—was in no fewer than nine major businesses. They ranged from auto parts to sugar to zinc. The new Gulf+Western is focused on just three:

Financial Services. Associates Corporation of North America is a leader in consumer and commercial finance (the third largest U.S. independent finance company).

Publishing and Information Services. Simon & Schuster is the world's foremost publisher in the educational, professional information, and consumer markets—in both print and electronic media.

Entertainment. Paramount Pictures is the pacesetter in motion pictures, television and home video, as are our other entertainment operations.

Clearly, this new focus is paying off. If you would like to learn more, contact Michael S. Hope, Executive Vice President and Chief Financial Officer, at (212) 373-8914. TELEX: 12-7961. He will be glad to enlarge on just where we are today. And, more importantly, on where we are going.

Gulf+Western Inc.

One Gulf+Western Plaza, New York, NY 10023-7780

And an ongoing stock buyback program started in November, 1983, has reduced the number of shares outstanding from 80 million to 61 million currently.

What's behind this remarkable performance at Gulf+Western? Nothing less than the complete

climbed 100%.) Our debt to capitalization ratio has moved from 49% to 40% since 1982. (With a corresponding increase in our senior debt ratings to A2 by Moody's and to A- by Standard & Poor's.)

FISCAL 1986 FINANCIAL HIGHLIGHTS			
	1986	1985	% Chg.
Revenues	\$1,201.1	\$1,051.7	14%
Earnings from continuing operations	\$298.7	\$191.6	56%
Earnings per share from continuing operations	\$3.92	\$2.48	58%
Average common and common equivalent shares outstanding	76.2	77.4	-1%

FINANCIAL POSITION

(in millions, except per share)

	1986	1985	% Chg.
Total assets	\$4.2	\$4.1	2%
Total liabilities	\$1.3	\$1.2	8%
Total shareholders' equity	\$2.9	\$2.9	0%
Total capitalization	\$3.0	\$2.9	3%
Book value per share	\$30.85	\$27.91	11%
Total debt as a % of capitalization	39%	41%	-5%

Weekly net asset value

Tokyo Pacific Holdings N.V.

on February 2, 1987: U.S. \$179.39

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

Dollar Up Amid European Caution

LONDON — The dollar closed firmer Wednesday, but off the day's high amid cautious sentiment that recent economic figures might indicate a sustained upturn in the U.S. economy, dealers said.

Traders also were wary of pushing the U.S. currency lower as speculation continued about a possible meeting of Group of Five ministers, they said.

In London, the dollar closed at 1.8130 Deutsche marks, well off its high for the day of 1.8215 DM but up from its close Tuesday of 1.7975. Fluctuations against the yen were less marked, and the dollar ended at 152.70 yen, up from 152.40 Tuesday.

The British pound also fell against the dollar, to \$1.5240 from \$1.5280.

Dealers said they expected the dollar to hold to its current range as the market awaits fresh direction from the release Friday of U.S. employment data for January.

The dollar was quoted slightly higher at midday in New York at 1.8140 DM after fluctuating within a narrow range in the absence of any fresh factors during a dull morning session, dealers there said.

Dealers in London said that the 2.1 percent rise in U.S. leading in-

London Dollar Rates

Currency	Unit	Rate
Deutsche mark	100	1.8130
Swiss franc	100	1.5240
Japanese yen	100	152.70
French franc	100	163.50
Source: Reuters		

dicators for December and the better-than-expected factory goods orders prompted some belated short-covering Wednesday after the market's test of the dollar's underlying support Tuesday.

But dealers said they believed that the market was not yet fully convinced that the dollar had seen its lows, and they predicted that the currency would remain vulnerable to negative indications.

"The market is more open-minded," one dealer with a British bank said, "but it will want to see more evidence" that the U.S. economic trend will continue.

Some indications may be provided by the release of January employment figures on Friday. Most forecasters predict that unemployment will remain around December's level of 6.7 percent, with non-farm payrolls rising by about 200,000 workers.

Dealers said that the dollar also was bolstered by continuing speculation about a possible meeting of Group of Five ministers, fueled in part by a meeting of ministers from seven industrialized nations this weekend in Florence.

The meeting was set to prepare for an economic summit. But there have been some reports that the deputy finance ministers attending would be likely to discuss informally an early meeting of G-5 finance ministers, dealers said.

It remained unclear whether the deputy finance ministers would attend the meeting, however, and whether the G-5 meeting would be discussed, they said.

Dealers said that this week's U.S. Treasury actions also lent background support to the dollar. They said that the currency's future direction likely would depend on whether the United States takes steps to stabilize the dollar after the auction or if it attempts to push it lower in a further effort to narrow the U.S. trade deficit.

In earlier European trading, the dollar was fixed in Frankfurt at 1.8123 DM, up from 1.7935 Tuesday, and in Paris at 1.8114 French francs, up from 1.7945. It closed in Zurich at 1.5335 Swiss francs, up from 1.5128.

Bigger Deficit Expected in U.S. Car Trade With Japan

New York Times Service

NEW YORK — The chairman of America's Big Three automakers have told the Reagan administration that they expect America's automotive trade deficit with Japan to be larger this year than in 1986 despite a substantial decline of the dollar against the yen.

In a letter to Treasury Secretary James A. Baker 3d, they urged the administration, in effect, to press Japan to raise prices on cars it sells in the United States. The letter dated Jan. 21, was made public Monday by Chrysler officials.

The auto executives asked the administration to conduct a 60-day study on why the currency changes have produced so little change in America's trade deficit with Japan.

In theory, the weakening of the dollar against the yen should make Japanese imports more expensive. But according to estimates by Chrysler economists, prices of imported Japanese autos have increased 17 percent since September 1985, while the yen has appreciated 58 percent against the dollar.

The United States' automotive trade deficit with Japan, which includes cars, trucks and auto parts, totaled \$3.5 billion in 1986. Chrysler economists have estimated it will total at least \$4.0 billion this year. The total U.S. merchandise trade deficit with Japan was \$35.6 billion in 1986.

U.S. automakers have raised prices, too, since September 1985. The average increases ranged from 4.3 percent to just over 8 percent.

The letter, signed by Donald E. Peterson, chairman of Ford; Roger B. Smith, chairman of General Motors; and Lee A. Iacocca, chairman of Chrysler, was timed to reach the Treasury Secretary on the morning of his meeting in Washington with Japanese Prime Minister Nakasone.

Chrysler vice president, Robert F. Chen, said the letter was a "steep slide" at the end of 1986, produced no commitments on either side.

Coca-Cola Belize Project Angers Florida Growers

By Mark Kurlansky

Special to the Herald Tribune

BELOFON, Belize — The citrus-growing project launched by Coca-Cola Foods in the Belizean jungle is just the kind of effort that President Ronald Reagan's Caribbean policy is supposed to be producing.

It also seems to suggest why the Caribbean Basin Initiative is not working.

The Houston-based Coca-Cola unit has bought 196,000 acres (79,000 hectares) of Belizean land and plans to plant 25,000 acres with citrus groves. Its first nursery will open within a month, and it plans to have a frozen-concentrate processing plant operating by the mid-1990s.

The project could bring in more than \$100 million and change the face of this tiny, undeveloped Central American country as roads, the plant and a modest port facility are built.

But the Florida citrus lobby would like to see Caribbean citrus go the way of sugar, textiles and other key Caribbean products that Congress has excluded from the CBI because of complaints from American producers.

Florida, the world's leading source of orange juice, has experienced five freezes in the past six years, and the lost production was replaced principally by imports from Brazil.

In each case, Brazil was in a position to demand significant price increases. Jon Parker, executive vice president of operations for Coca-Cola's food division, said the company saw the Belize project as a "hedge against Brazil."

But the federal bureaucracy does not always seem to be aware of the existence of CBI.

This year, for example, the U.S. government slashed sugar imports, a major Caribbean export, by 41 percent at the same time that it was promoting CBI. It was the lowest U.S. quota in nearly 100 years.

Washington's efforts to isolate the Sandinista regime in Nicaragua and protect coffee and other exports away not only from Nicaragua, the experts said, but from Belize, Panama and other Central American nations covered by CBI.

It also is difficult for the new businesses attracted by the initiative to generate enough jobs and export revenue to offset the plant closings of several long-established multinationals.

But the chief reason for the disappointing results, trade specialists say, is the waning interest of U.S. businessmen with a limited attention span for Caribbean economics.

Mr. Reagan, who lobbied actively for CBI in 1982, did not even mention Caribbean trade last week in his State of the Union address.

Not only is there less political visibility for the program, but Congress is cutting back on aid. And

"If there is an accelerated planting and that product enters the United States, we are going to be very concerned," warned Bobby McKown, executive vice president of Florida's largest grower association, the Florida Citrus Mutual.

Coca-Cola's plan has stirred excitement in this capital of 5,000 inhabitants. Although Belize has little infrastructure and few good roads, it has space. Much of that space is jungle dominated by Mayan ruins, jaguars and tapirs. But with an estimated one-third of the population underemployed, Belizeans are hoping Coca-Cola will start a trend.

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There are similar examples. The State Department's Agency for International Development provided

Coca-Cola, which makes the Minute Maid brand, owns 30,000 acres in Florida and is one of the largest producers, purchasers and processors in the state. Mr. Parker said that 50 percent of Coca-Cola's orange juice would come from Florida even after the Belize project was at full production.

Other orange juice producers have been seeking freeze-free planting sites in Guatemala, Honduras, Costa Rica, the Dominican Republic and elsewhere in the Caribbean basin.

But Florida producers are worried that new plantings in the Caribbean could produce a glut on the world market that would lower prices.

Senator Lawton Chiles, Democrat of Florida, met recently with officials of the Overseas Private Investment Corp. and warned that he would mount legislation to stop them if they provided any financial support for foreign citrus projects.

OPIC has refused Coca-Cola insurance for the project, and the company is seeking alternatives in the private sector.

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CARIBBEAN: Red Tape, Waning U.S. Interest Thwart Trade Program

(Continued from first finance page)

time for trading practices to change dramatically.

Caribbean experts attributed some of the sluggishness of the CBI program to intensified protectionism, the stormy global economic climate and the kind of bureaucratic inflexibility that hurt Fathom.

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The decision was seen as a blow to the entire region. Cut flowers rank high among the industries that the Caribbean Basin countries are trying to develop to capitalize on the zero-duty entry privileges.

Predictably, CBI has come in for criticism from Caribbean leaders. Prime Minister Errol Barrow of Barbados said flatly that the program had brought his country "no visible benefit."

Edward Seaga, the free-market-oriented prime minister of Jamaica, commented, "The United States

has opened a window of opportunity, but not very wide."

— Edward Seaga, prime minister of Jamaica

Peter D. Laurie, Barbados's ambassador to Washington, said that the reductions would have "devastating consequences" for the region's economy.

Kennedy Simmonds, the prime minister of St. Christopher-Nevia, told visiting U.S. congressmen last week that CBI had created 140 new jobs in his country but that 2,000 jobs were threatened by the cutbacks in sugar quotas.

There are similar examples. The State Department's Agency for International Development provided

\$10.9 million of development assistance last year to Costa Rica, including aid in exporting chrysanthemums and other cut flowers.

But the Commerce Department, under pressure from domestic flower growers, slapped a 19 percent tariff late last year on imports of cut flowers from Costa Rica.

has opened a window of opportunity, but not very wide.

His country is trying to export furniture, rum and processed foods to the United States, but Jamaican companies lack the technology and marketing skills needed to succeed in the sophisticated U.S. market.

The CBI program was launched on the theory that the economic decline of the region could be reversed through trade and tax concessions and heavy dollops of economic aid to the precarious economies of 22 countries strung out across the area. Among its provisions were:

• Duty-free entry for all products except textiles, apparel, shoes, oil, leather goods, canned tuna, watches and parts.

• Deductibility from taxable income of expenses connected with American business conferences held in the designated countries.

• Economic assistance, which totaled \$1.2 billion in 1986, up one-third from 1985.

Thousands of Caribbean products had already been entering duty-free under the so-called Generalized System of Preferences. But the GSP list was revised annually and products could be deleted.

THE EUROMARKETS

Most Prices Little Changed Amid Auctions

By Christopher Pizzey

LONDON — The U.S. Treasury auctions remained the dominant factor in many sectors of the Eurobond market on Wednesday and prices generally ended little changed, dealers said.

"It looks like another wasted week in my life," complained one dollar-straight trader at a U.S. securities house. The trader said some selected issues did edge 1/4 point firmer during the afternoon on the back of a slighter firmer undertone in the U.S. credit markets. But, he added, "There's no real volume in the market and there probably won't be until next week."

Wednesday's auction was of \$9.75 billion of 10-year notes. Tuesday's auction of 3-year notes was seen as passing off relatively smoothly, producing an average auction yield of 6.54 percent.

At the end of London trading the when-issued 10-year notes were quoted at 7.235 percent.

Dealers noted that when the auctions are completed Thursday — with the sale of \$9.25 billion of 30-year bonds — the market will then have to contend with U.S. January employment data.

No new dollar-straight bonds were launched Wednesday.

Ford Motor Credit Co. issued a 15 billion yen Eurobond paying 5 1/2 percent over five years and priced

at 10 1/4 percent. Lead manager was Nomura International Ltd. The issue was quoted by one broker comfortably within the total fees of 1 1/4 percent at a discount of 1.45 percent bid.

The National Bank of Canada issued a \$5 billion yen dual-currency bond that is redeemable in dollars at the end of its seven-year life at a rate of 154.2132 yen to the dollar.

Very late Wednesday, Banque Indosuez issued a zero-coupon bond with a total redemption amount of \$50 million. The five-year issue was priced at 70.35 percent and jointly lead managed by Daiwa Europe Ltd. and Mitsui Trust International.

Wednesday's OTC Prices

NASDAQ prices as of 3:00 p.m. New York time. Via The Associated Press

12 Month High Low Stock Div. Yld. % High Low 3 P.M. CHG

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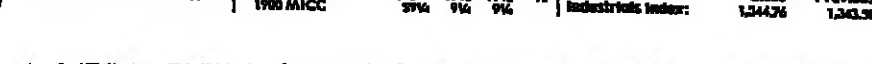
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12 Month High Low Stock Div. Yld. % High Low 3 P.M. CHG



SPORTS

'Stripes,' Conner Keelhaul Kookaburra III

Compiled by Our Staff From Dispatches
FREMANTLE, Australia — Dennis Conner, having lost the America's Cup in 1983 and having won it back with a 4-0 sweep over Australia's Kookaburra III on Wednesday, summed it up neatly: "It's a great moment for America, a great moment for the Stars & Stripes team — and a great moment for Dennis Conner."

It was sweet revenge for the 44-year-old San Diego sailor who dedicated three years of his life to reclaiming yachting's biggest prize,

which he lost to Australia II in Newport, Rhode Island. "My heart goes out to Iain Murray," Kookaburra III's 28-year-old skipper, who was blanked in his first America's Cup final.

"It's hard to explain, but it's a great day to be an American," said tactician Tom Whidden, who lost with Conner in '83. "I think we showed that not only are we the best nation technologically, but we have the sailors to go along with it. I'd like to say it was all skill, but we had the best boat."

Murray said he hoped the Australians could do in 1990 — when cup racing resumes — what a sign of things to come was what he called the "What Goes Up Must Come Down."

"He just had a bit more speed than we had," said Murray of Conner. "Kookaburra III just hasn't got what he's got, and that's it. We thought we were sailing better than we've ever sailed before." Referring to his crew, Murray said: "I think they realize they've been beaten by a better boat and a better team on this occasion, and they accept that."

Conner received a message of congratulations from President Ronald Reagan via a telephone hookup with U.S. Ambassador Laurence William Lane Jr.

"Your victory represents more than just another yachting triumph," Reagan said in his message. "It reflects the pinnacle of teamwork, competitiveness, hard work and American stick-to-it-ness. Your patience has paid off and all of America is proud."

Prime Minister Bob Hawke, who declared a national holiday when Australia won the cup, also phoned his congratulations to both sides.

Kookaburra III was never really in Wednesday's race, which was sailed in 16- to 19-knot breezes. Conner led from start to finish, as he had in the three previous carbon-copy outings against the Australians.

Recognized as masters at sailing 12-meter yachts, Conner and Whidden brushed by the starting buoy just as the cannon fired — and five seconds ahead of Peter Gilmore, the aggressive helmsman

who starts Kookaburra III before turning the wheel over to Murray. Gilmore had tried to trap Conner but couldn't. By breaking in front, Conner was able to call the time the rest of the 21-mile race. Kookaburra III never got close enough to use her agility in a tacking war.

Murray's lemon-yellow 12 could only trail Conner's blue yacht around the Indian Ocean like a puppy on a leash.

Conner put the race out of reach on the third of eight legs, when he added a crushing 20 seconds to his lead.

When Stars & Stripes crossed the finish line 1 minute and 59 seconds in front, the three-year residency of the trophy at the Royal Perth Yacht Club, which turned this sports-loving nation cup-crazy, came to a bittersweet end.

It was the culmination of three years of practice and planning for Conner and his Sail America syndicate from the San Diego Yacht Club.

They built three yachts and spent \$20 million (including \$20,000 a day to keep the campaign here going) to bring back the cup.

Stars & Stripes had to survive four months of elimination against 12 other challengers.

Conner used the series as a proving ground to make the subtle changes in hull, sails and rigging that brought Stars & Stripes to what even Kookaburra syndicate chief Kevin Parry called "perfect" racing trim.

Keels of cup 12-meter racers are among their darkest secrets. Conner allowed the security skirt to be

drawn away after Wednesday's race and it revealed a bulbous keel, Roman-nosed at either end; delta wings on its bottom remained covered in brown paper.

Conner said he had not put his yacht "in our fastest mode" when racing began in October. "We had a little more tiger in our tank."

He said he finally thought Stars & Stripes had an edge against Kookaburra III "halfway up the second windward beat in the third race. But until you cross the finish line, you don't take anything for granted."

The sound of the gun at Wednesday's finish touched off an explosion of red, white and blue fireworks set off by the huge spectator fleet.

After Conner crossed the line, there were champagne toasts, jets of water from fire hoses, American flags and hugs from admirers — as Murray and his crew shared the silence of defeat and frustration. "Hip! Hip! Hoory!" shouted a Conner and his crew in a tribute to Kookaburra III before circling the harbor to the cheers of 50,000 fans.

Said Conner, who had wept as Stars & Stripes crossed the line: "This is a high moment for us. The America's Cup is the holy grail of yachting." He added that he had no plans of retiring. "Don't be surprised to see us back in the defense in 1990."

Conner's wife, Judy, said his effort has been "a single-minded tunnel-vision crusade." Asked if her husband, who owns a drapery business in San Diego, would now relax, she said: "Maybe for tonight." (AP, UPI)

Spirited Australians Join Celebration

Compiled by Our Staff From Dispatches
FREMANTLE, Australia — Australians refused to mourn Wednesday's loss of the America's Cup.

In taverns and hotels throughout Fremantle, they shared drinks with Americans as Dennis Conner sailed Stars & Stripes to a 4-0 sweep of Kookaburra III to win back the cup he lost in 1983.

At the Newport Hotel, unofficial headquarters of the American fans, the doors had to be closed

just before the start of the race because the building was packed to capacity. Some Australians tried to climb in the windows, but security guard Mark Bailey — a resident of Boston — said there were no violent incidents.

"The Australians have been just awesome," said Johnelle Miller, 20, from Colorado. "The people here are showing us tremendous respect."

The mass of singing, sweating bodies included New Yorker Walker Mason. "The Australia-

lians have been amazingly friendly," he said. "It's a fun, drinking, crazy kind of crowd, but there is no hostility at all."

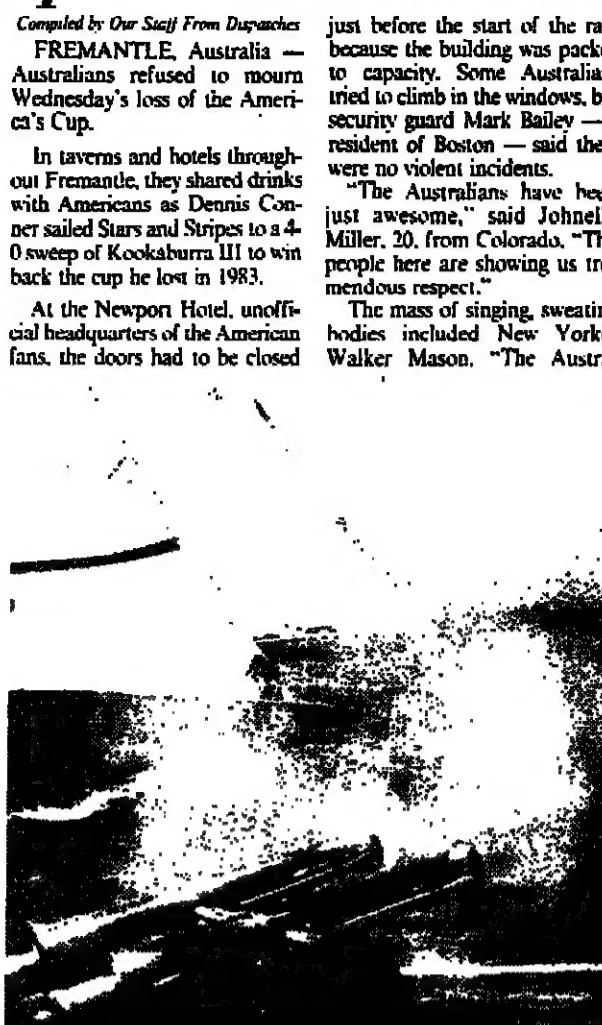
At the tavern of the Norfolk Hotel, Australians sang "For He's A Jolly Good Fellow" to honor Conner. A motorcyclist, whose leather jacket proclaimed him a member of "Odin's Warriors," raised a tankard in salute: "I don't know what he has got on that boat, but man look at him go." He said: "He's just flying."

Said Chris Haleva, a student from Perth who was among the throng at the Norfolk: "I'm disappointed we have lost the cup, but we might as well enjoy ourselves. It won't affect the national ego — we've got too many other things going for us."

Gillian Bullock, another Perth resident, said Australians had accepted defeat before the fourth race of the series. "I think everyone was resigned to it, and we're renowned for having a good time regardless," she said. "It isn't a disaster we lost a boat race. Everyone went crazy when we won it, so we might as well go crazy now we have lost it."

In the background, a mass of Australians sang, "Forget the cup, drink more beer," and chanted the name of beaten skipper Iain Murray. "We Australians have a reputation for hitting people when they're down, but everyone believes Murray did a good job," said Carol Switzer.

As the two yachts returned to port, fans lined the harbor to give them a rousing greeting. At dockside, a cry went up: "Good on yer Dennis... We'll get you next time." (AP, UPI)



Their starting guns had been spiked, but Fremantle's denizens worked hard at maintaining boisterous good cheer.

Zurbriggen Wins Record-Setting 2d Gold

The Associated Press
CRANS-MONTANA, Switzerland — Pirmin Zurbriggen of Switzerland celebrated his 24th birthday in record-setting style here Wednesday, using a hard-charging final run to win the men's giant slalom at the world Alpine ski championships.

Zurbriggen, who also won Mon-

day's super-giant slalom, lifted his team to a record for gold medals at one championship. Switzerland has won six of the first seven events, topping Austria's 25-year-old mark of five.

Zurbriggen now has four world championship golds, breaking Ingemar Stenmark's men's career record and leaving him one short of the

overall mark, held by Swiss teammate Erika Hess. Wednesday's victory also gave him four medals for one championship, topping the mark he had shared with Hess.

"I just don't know what to say," said Zurbriggen, the silver medalist in the downhill and the combined. "This is really without limits. I'll never forget this day."

Joel Gaspoz of Switzerland, the leader after the first leg, fell approaching the third-from-last gate of the second run and skidded over the finish line on his side.

Marc Girardelli of Luxembourg, the only non-Swiss winner so far, took the silver, while third-placed Alberto Tomba picked up Italy's first medal of the meet.

Although both contained 50 gates, the two runs down the Chexozon course were sharply different. The first contained a tight, treacherous upper part that bothered many

skiers. The second was smoother at the top and much faster.

Zurbriggen mastered both, clocking a total of 2 minutes, 32.38 seconds, to Girardelli's 2:32.45. Tomba, who edged Girardelli for third spot in the opener, finished at 2:33.13.

Gaspoz had the lead after the first leg with a clocking of 1:17.22, three-tenths of a second ahead of Zurbriggen. On the second run, Girardelli registered 1:14.52, flying into the lead on the bottom part of the course. After Tomba's 1:15.27, Zurbriggen set out on his gold-medal chase. He was 11-hundredths of a second off the pace on the top of the 1,207-meter (3,958-foot) course and only fifth at the midway point.

Then he accelerated. He nearly lost control coming into the final third, flailing his arms backward to keep his balance. But he picked up enough time to finish in 1:14.86 and edge Girardelli.



Pirmin Zurbriggen: "I'll never forget this day."

SPORTS BRIEFS

Pinango Thwarts Duarte, Keeps Title

INGLEWOOD, California (AP) — Bernardo Pinango of Venezuela halted Freddie Duarte's comeback short of his goal Tuesday night by winning a unanimous 15-round decision and retaining his World Boxing Association bantamweight championship.

Duarte, 32, had been aiming for a world title since resuming his career three years ago after a self-imposed five-year absence from the ring because of drug abuse and alcoholism.

Pinango dominated most of the fight, but Duarte had the champion in trouble a number of times. Early in the 12th round, he floored Pinango with a right hand, but was unable to finish him off.

Judge Roberto Ramirez scored the bout 142-141, while Rodolfo Hill had it 143-140 and Juan Maio 145-140. Pinango, 26, won the title in a 15-round decision over Gaby Canizales last June; Duarte's was his third defense, and improved his record to 21-2-2. Duarte, 32, had won 9 of his 11 fights after being out of boxing since 1979. His record is 41-7-1.

NFL Falcons Hire Campbell as Coach

SUWANEE, Georgia (AP) — Marion Campbell, defensive coordinator of the Atlanta Falcons, was hired for a second time as head coach of the National Football League team on Tuesday, ending a six-week search that included rejections by at least two other candidates.

Campbell, 57, was given a four-year contract who terms were not disclosed. Campbell, who returned to the team last season, was fired as coach in 1976 after compiling a 6-19 record in parts of three seasons. His hiring came 43 days after owner Rankin Smith Sr. fired Dan Henning, who had a 22-41-1 record in four seasons, including a 7-8-1 record in 1986.

The search for a top coach included rejections from the Falcons' first choice, Dick Vermeil, now a television commentator, and UCLA coach Terry Donahue. In addition, Atlanta sought permission last week to talk to Bill Parcells, coach of the Super Bowl champion New York Giants. The Giants refused to let Parcells talk to the Falcons.

Oxford Crew Drops Four Americans

OXFORD, England (AP) — Four U.S. oarsmen at Oxford University are out of the race against Cambridge on March 26, it was announced on Wednesday. Two told Donald MacDonald, the Oxford Boat Club president, that they no longer wish to row; two failed to show up for training Wednesday and were dropped.

The recent dismissal of a fifth American, Chris Clarke, precipitated tensions that had subsequently seemed resolved. But at meeting Tuesday night, the captains of the college boat clubs gave MacDonald a vote of confidence in his handling of crew selection and the dissonance that followed it.

The four Americans had apparently hoped that the meeting would not result in a confirmation of MacDonald's authority.

Quotable
■ Utah Jazz coach Frank Layden, on registering his 200th victory as a National Basketball Association coach: "Now I'm only got 738, or whatever, to catch Red Auerbach. So look out, Red." (LAT)
■ Tennis player Martina Navratilova: "In Czechoslovakia there is no such thing as freedom of the press. In the United States there is no such thing as freedom from the press." (LAT)

SCOREBOARD

Basketball

NBA Standings

Atlantic Division	
Boston	32 12 320
Philadelphia	32 12 289
Washington	32 12 281
New York	32 12 244
Central Division	
Atlanta	32 12 289
Charlotte	32 12 281
Chicago	32 12 281
Indiana	32 12 281
Cleveland	32 12 281
Western Division	
Dallas	32 12 289
Utah	32 12 289
San Antonio	32 12 289
Phoenix	32 12 289
Portland	32 12 289
Seattle	32 12 289
Golden State	32 12 289
Los Angeles	32 12 289

NBA Leaders

Team	PTS	REB	AST
LA Lakers	112.8	32.1	22.1
Portland	112.8	32.1	22.1
Golden State	112.8	32.1	22.1
Phoenix	112.8	32.1	22.1
Utah	112.8	32.1	22.1
San Antonio	112.8	32.1	22.1
LA Clippers	112.8	32.1	22.1
Chicago	112.8	32.1	22.1
Indiana	112.8	32.1	22.1
Charlotte	112.8	32.1	22.1
Atlanta	112.8	32.1	22.1
Cleveland	112.8	32.1	22.1
Washington	112.8	32.1	22.1
Dallas	112.8	32.1	22.1
Seattle	112.8	32.1	22.1
Los Angeles	112.8	32.1	22.1

Skiing

World Championships

Event	Gold	Silver	Bronze
Men's Giant Slalom	Pirmin Zurbriggen (S)	Albert Tomba (I)	Ingemar Stenmark (S)
Men's Super-Giant Slalom	Pirmin Zurbriggen (S)	Ingemar Stenmark (S)	Albert Tomba (I)
Men's Downhill	Ingemar Stenmark (S)	Albert Tomba (I)	Pirmin Zurbriggen (S)
Men's Combined	Ingemar Stenmark (S)	Albert Tomba (I)	Pirmin Zurbriggen (S)
Women's Giant Slalom	Erika Hess (S)	Ingemar Stenmark (S)	Albert Tomba (I)
Women's Super-Giant Slalom	Erika Hess (S)	Ingemar Stenmark (S)	Albert Tomba (I)
Women's Downhill	Ingemar Stenmark (S)	Albert Tomba (I)	Pirmin Zurbriggen (S)
Women's Combined	Ingemar Stenmark (S)	Albert Tomba (I)	Pirmin Zurbriggen (S)

America's Cup

Cup-Final Summaries

Event	Gold	Silver	Bronze
Men's 12-Meter	Dennis Conner (USA)	Peter Gilmore (AUS)	Iain Murray (AUS)
Women's 12-Meter	Dennis Conner (USA)	Peter Gilmore (AUS)	Iain Murray (AUS)
Men's 12-Meter	Dennis Conner (USA)	Peter Gilmore (AUS)	Iain Murray (AUS)
Women's 12-Meter	Dennis Conner (USA)	Peter Gilmore (AUS)	Iain Murray (AUS)

Hockey

NHL Standings

Team	PTS	REB	AST
LA Kings	112.8	32.1	22.1
San Jose	112.8	32.1	22.1
Edmonton	112.8	32.1	22.1
Calgary	112.8	32.1	22.1
Winnipeg	112.8	32.1	22.1
Manitoba	112.8	32.1	22.1
St. Louis	112.8	32.1	22.1
Chicago	112.8	32.1	22.1
Philadelphia	112.8	32.1	22.1
Pittsburgh	112.8	32.1	22.1
Washington	112.8	32.1	22.1
Los Angeles	112.8	32.1	22.1
San Jose	112.8	32.1	22.1
Edmonton	112.8	32.1	22.1
Calgary	112.8	32.1	22.1
Winnipeg	112.8	32.1	22.1
Manitoba	112.8	32.1	22.1
St. Louis	112.8	32.1	22.1
Chicago	112.8	32.1	22.1
Philadelphia	112.8	32.1	22.1
Pittsburgh	112.8	32.1	22.1
Washington	112.8	32.1	22.1
Los Angeles	112.8	32.1	22.1

Transition

Baseball

Team	PTS	REB	AST
LA Angels	112.8	32.1	22.1
San Diego	112.8	32.1	22.1
Seattle	112.8	32.1	22.1
Oakland	112.8	32.1	22.1
San Francisco	112.8	32.1	22.1
Los Angeles	112.8	32.1	22.1
San Diego	112.8	32.1	22.1
Seattle	112.8	32.1	22.1
Oakland	112.8	32.1	22.1
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San Diego	112.8	32.1	22.1
Seattle	112.8	32.1	22.1
Oakland	112.8	32.1	22.1
San Francisco	112.8	32.1	22.1
Los Angeles	112.8	32.1	22.1
San Diego	112.8	32.1	22.1
Seattle	112.8	32.1	22.1
Oakland	112.8	32.1	22.1

Send Them More Snow

Buchwald

"In an address to the nation the president will express sympathy for those who suffered during the past week and he intends to read a letter from a little girl who couldn't go to school and pray because of the snowstorm and the Supreme Court.

"Finally he will cite a true national hero — a driver of a low truck who was buried in an embankment for three days on I-66. When he was dug out he was asked by the highway patrol if he had any message for the American people and he said, 'Send me more snow!'"

Reading Room Battle

As construction goes ahead on new site (above), con-

He added of the London room: "It's a remarkable piece of Victorian architecture. One feels one is in a holy place."

Of the shape of the new building designed by Colin St. John

Lord Thomas, who has used the reading room since 1958 — when he researched “The Spanish Civil War” — was adamant, but not rigid. “We feel it’s a marvelous library, a great room, inspiring to work in. It’s not overcrowded, as it was in the early ‘70s when there were so many American research students you couldn’t get a seat.”

The ballet star Mikhail Baryshnikov and the singer-actress Bernadette Peters have been selected man and woman of the year by Harvard University's Hasty Pudding Club.

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